

# GOVERNANCE AND AUDIT COMMITTEE

## 30 July 2019

*Present:-* Councillor Pearson (Chair), Councillor Barlow, Councillor Dundas, Councillor Goacher, Councillor McCarthy, Councillor Willetts and Councillor Wood

*Also Present: -* Councillor King

### **163. Annual Statement of Accounts 2018/19**

Paul Cook, Section 151 Officer and Finance Manager, introduced the Annual Statement of Accounts 2018/19 report. The report requests that the Committee accept the audit results report for the year ending 31 March 2019, note the comments in the covering report and approve the letter of representation and the audited Statement of Accounts.

Paul Cook informed the Committee that this was the first year of BDO Audit engagement and due to this reason, it had affected the timescales of some of the reports but looking ahead to subsequent years this will improve as the relationship grows.

Paul Cook explained the situation with regards to the potential adjustment identified in respect to the recent McCloud pension judgement. This was a legal decision that was made in relation to age discrimination in some pension schemes. The suggested amendment was for a 'worst case scenario' but as it currently stands it wasn't seen to have a direct impact on services so therefore it had not been adjusted. When the position becomes clearer in a years' time it will be looked at again as part of 19/20 Audit.

Alison Langridge, Audit Manager BDO, highlighted Key headlines within the report and informed the Committee that it was anticipated that an 'unqualified audit opinion' would be given. With regards to the Audit Risks Overview, the items that were listed as 'Work still ongoing' would now be taken off and shown as complete with no issues to report on the completion of those items.

In response to a question from the Committee Lisa Clampin, Audit Partner BDO, confirmed that with regards to 'payments in lieu of notice', there was a potential of it being a risk but after conversations with the finance team it was deemed to be negligible.

The Committee wanted to thank the Finance team, Mark Jarvis and Laura Watson, for the hard work they had done with respect to the Annual Statement of Accounts 2018/19.

**RESOLVED** that:

- a. The Statement of Accounts 2018/19 be approved.
- b. The Audit Completion Report be noted, and action taken where necessary.
- c. The letter of representation be signed and noted.
- d. The recommendations from the Audit report to be approved.

## **164. 2018/19 Year End Review of Risk Management**

Hayley McGrath, Corporate Governance Manager, introduced the Year End Review of Risk Management. The report requests that the Committee consider and comment on the Council's progress and performance in managing risk during the period from April 2018 to March 2019, the current strategic risk register, the proposed risk management strategy for 2019/20 and endorse the submission of this report to Cabinet.

Hayley McGrath highlighted some of the key areas within the report and informed the Committee that the main key area of work was that of the withdrawal from the European Union.

In response to a question about risk 3a; 'Unable to compete with the private sector in the recruitment (and retention) of staff with key marketable skills', Hayley informed the Committee that the reason for this increase of risk was due to circumstances with regards to recruitment of certain posts, for example the 151 Officer, and the impact that it had within the Council and the delivery of that service.

With regards to risk 4a; 'The UK's withdrawal from the European Union' Hayley informed the Committee that they were currently looking into plans for all possible scenarios but not just for Colchester Borough Council but also as part of a wider group across Essex. The Borough is currently working with the Fire Department, Police, other local authorities, coastguard and various other groups. Hayley McGrath also informed the committee that although our direct services may not be impacted, it is the impact of leaving the European Union that our suppliers and supply chains could possibly face that will affect us. Economic issues could also impact on our services and we may be expected to provide services elsewhere where previously haven't been needed. The long-term strategic risks are currently being assessed and will continue to be.

The Committee commented on whether some high-risk items, for example IT and staffing issues, should be classed as such as these are primarily decisions that were made by the Council. The Committee also discussed whether it was misleading to put those issues in to risk management report and questioned the possibility of them being shown in another way. The Committee also questioned what was meant with regards to the risk tolerance line and the fact that more operational risks seem to be falling on the wrong side. The Committee asked about the possibility of changing those or even the risk tolerance line itself.

Councillor King addressed the Committee and highlighted that resilience and working well for staff & customers was the main priority when looking at Risk Management. Councillor King informed the Committee that the register itself was good and a prime example of what one should look like and must be assessed as neutrally as possible. Councillor King agreed that some risks may come across as being a bit over cautious but that was not a bad thing to be prepared for.

Ian Vipond informed the Committee that the risk register helps to identify risks and what we do to mitigate those.

*RESOLVED* that;

- a) The Committee considered and commented on the Council's progress and performance in managing risk during the period from April 2018 to March 2019.
- b) The Committee considered and commented on the current strategic risk register.
- c) The Committee considered and comments on the proposed risk management strategy for 2018/19.
- d) The Committee endorse the submission of this report to Cabinet.

### **165. Governance and Audit Work Programme 2019 – 2020**

Zoe Gentry, Democratic Services Officer, introduced the Work Programme 2019-20. The report requests that the Committee note the contents of the Work Programme.

*RESOLVED* that;

- a) The Work Programme of 2019-20 be noted.