

## WEST LINDSEY DISTRICT COUNCIL

MINUTES of a Meeting of the Governance and Audit Committee held in the Council Chamber at the Guildhall, Gainsborough on Monday 12 March 2012 commencing at 6.35 pm.

- Present:**
- Councillor Sue Rawlins (Chairman)  
Councillor Anne Welburn (Vice Chair)
- Councillor Paul Howitt-Cowan  
Councillor Di Rodgers  
Councillor Ray Sellars
- Alison Adams (Independent Co-opted Member)
- In Attendance:**
- Russell Stone                      Section 151 Officer and Financial Services Manager  
Alan Robinson                    Revenues, Benefits and Customer Services Manager  
Carol deHaney                    Corporate Development Officer  
Katie Coughlan                   Senior Democratic Officer
- Also in attendance :**
- Sharon Bradbury                District Auditor (Audit Commission)  
Tony Crawley                    District Auditor (Audit Commission)  
Lucy Pledge                      Internal Audit (Lincolnshire County Council)  
Rachel Abbott                    Internal Audit (Lincolnshire County Council)
- Apologies:**
- Councillor Ken Bridger  
Councillor Malcolm Leaning
- Membership:**
- No substitutions

## **56 PUBLIC PARTICIPATION**

There was no public participation.

## **57 MINUTES**

(a) Meeting of the Governance and Audit Committee – 19 December 2011

**RESOLVED** that: the Minutes of the meeting of the Governance and Audit Committee held on 19 December 2011 be approved and signed as a correct record.

## **58 MEMBERS' DECLARATIONS OF INTEREST**

No Declarations of Interest were made.

## **59 MATTERS ARISING SCHEDULE (GA.36 11/12)**

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 2 March 2012. Actions which had been previously omitted from the Schedule, in error, were shown in grey.

It was noted that all actions had been completed on target. At the request of the Chairman, Members were provided with updates on the approach being investigated in respect of Treasury Management (ID 1 Black), and the telephone protocol (ID 3 Green) from the Financial Services Manager, and the Revenues, Benefits and Customer Services Manager.

The issue of training was again raised, in particular the need to define, the training requirements needed for Members to serve / substitute on this Committee. It was noted that it was intended for this matter to be further considered by the Members' Forum, in the future.

**RESOLVED** that progress on the Matters Arising schedule as set out in report GA.36 11/12 and those verbal updates, detailed above, be received and noted.

## **60 CERTIFICATION OF CLAIMS AND RETURNS – EXTERNAL AUDIT'S ANNUAL REPORT 2010/11 (GA.37 11/12)**

Members considered a report which presented the District Auditor's Annual Report on Certification of Claims and Returns for the period 2010/2011. In presenting the report, the External Auditor made reference to pages 5, 7 and 8 of the report, and provided Members with further details of the work which had been undertaken, the resulting recommendations, and the fee applied.

The District Auditor considered the issues raised were of a minor scale, the nature of which was outlined by Officers, as well as details of those actions implemented as a result.

**RESOLVED** that the content of report GA.37 11/12, the verbal updates, detailed above, be received and noted.

**Note:** Councillor Di Rodgers requested that she be provided with further information, in connection with the benefit scheme discussed in the above items of business, in support of work undertaken with the Royal British Legion.

## **61 EXTERNAL AUDIT'S – AUDIT PLAN – 2011/12 (GA.38 11/12)**

Members considered a report which presented the District Auditor's Plan, which set out the planned work to be undertaken for the 2011/12 year end audit, and which had been formed using, the Audit Commission's risk based approach to audit planning.

In presenting the report the External Auditor explained the term 'significant risk' within the context of the report, and the nature of the work undertaken by the Audit Commission. Officers again extended the previous offer to hold a training session for the Committee on the "Role of External Audit". Summarised details of the planned work, key milestones, deadlines and anticipated fee were provided to Members.

With permission of the Chairman, the District Auditor provided the Meeting with the most recent position update regarding the future of Audit, during which the following points were noted:

- Contracts, varying from 3 to 5 years had been awarded;
- Therefore from 2017/2018 the appointment of an External Auditor would be undertaken at a local level.
- KPMG had been appointed Auditor for the East Midlands region.
- Notification of the named auditor(s) was expected late April, appointments to be confirmed in July 2012
- The fees under the new arrangements were not yet agreed and outline of the work still to be undertaken was provided.

**RESOLVED** that the content of report GA.38 11/12 and the verbal position update in relation to the future of public Audit, summarised above, be received and noted.

## **62 ANNUAL REVIEW OF THE CONSTITUTION (GA.39 11/12)**

Consideration was given to a report which set out a number of proposed amendments to the Constitution, having undertaken the required Annual

Review of arrangements. Views and comments were sought from the Committee, prior to the proposals being submitted to Full Council for consideration, approval and adoption with immediate effect.

In opening, Officers advised of two further suggested amendments, relating to the terms of reference for the Licensing and Regulatory Committee, and the delegated authority given to the Chief Executive to take urgent decisions. A brief summary of the suggested amendments was provided to Members, together with the rationale for each. Amendments had been suggested to reflect the Area Working Arrangements and to address points raised by this Committee during the 2011/12 civic year. Amendments, to the Contract / Budget / Policy Procedure Rules, in the main, had arisen from the need to address new regulations relating to the “use of local suppliers”.

In respect of the latter, the Committee asked numerous questions of Officers. In responding, Officers briefly outlined the vetting process applied to such suppliers, emphasising, this could differ dependent, on the service being supplied / value of contract / impact of the contract. The need to ensure checks were proportionate and reasonable was stressed.

**RESOLVED** that the amendments to the Council’s Constitution as detailed in Appendix 1 to report GA.39 11/12, subject to the inclusion of the further suggested revisions, as detailed at (i) and (ii) below, be **RECOMMENDED to COUNCIL** for approval and adoption with immediate effect.

- (i) Part IV/Page 8 (Licensing and Regulatory Committee Terms of Reference)

The addition of the following function:

“Recommending the setting and adoption of policies relating to Taxi and Private Hire Licensing to the Prosperous Communities Committee.”

Reason: For clarity and consistency, in detailing the Committee’s role in setting Policies in each area of its work.

- (ii) Part IV/Page 25 (Chief Executive’s Delegations – bullet point no. 4)

The words “In the Information Booklet for Members” be replaced with “to Members within 5 working days of the decision being taken”, so that the sentence, reads

“Any decision taken by the Chief Executive under this delegated power shall be reported to Members within 5 working days of the decision being taken”

Reason: The Information Booklet for Members is no longer in existence and to address concerns raised, regarding

the timeline for notifying Members in respect of decisions of this nature.

**Note:** Councillor Ray Sellars requested that he be provided with information, in respect of powers given to District Councils to remove hedgerows in accordance with the 1997 Regulations (as referred to on page 14 of the report).

### **63 INTERNAL AUDIT PLAN 2011/2012 – QUARTER 4 PROGRESS REPORT (GA.40 11/12)**

Consideration was given to a report which sought to update Members on progress made to date, by the Audit partner, against the annual programme agreed by the Audit Committee on the 5 April 2011.

In presenting the report, Officers referred to Section 3 of the report, and advised of the additional work relating to Investment Decisions, requested by the Chief Executive as a result.

Members raised concerns at the indicative level of assurance given to the Treasury Management Function, and in response to Members' questions Officers outlined the circumstances and reasoning for the service having received limited assurance. Further concerns were raised and Members sought to better understand how such circumstances had arisen. Members' received reassurance from Officers, that closer attention and monitoring would be paid in the future and were provided with details of the more stringent processes now in place.

Referring to page 9 of the report and in responding to Members' questions, whilst no definitive timeline had been established, Officers hoped to formalise the current partnership working arrangements in respect of the Financial Management System, within the next six weeks.

Members noted to date, none of those recommendations, arising from the internal audit into Project Management had been implemented and further to their December meeting again raised concerns. The Corporate Development Officer, explained the reasoning for delay which in the main had arisen from the need to ensure the organisation was 'on board', with the process. At its June 2012 meeting, Members would be receiving the revised annual governance statement, and it was intended for Project Management to be included therein as a 'significant risk' for the coming year.

**RESOLVED** that:

- (a) the contents of report GA.40 11/12 and the verbal position updates and future intentions offered by Officers, summarised above, be received and noted; and

- (b) only outstanding recommendations where the audit resulted in 'No' or 'Limited' assurance be included in internal audit programme progress monitoring reports, in the future.

#### **64 INTERNAL AUDIT ANNUAL PLAN 2012/13 (GA.41 11/12)**

Consideration was given to a report detailing the planned internal audit work to be undertaken on behalf of the Council for the year 2012/13.

Members' posed a number of questions, and in response, Officers further expanded on the scope and purpose of some of the proposed audit areas. Details of the approach to be taken and the benefits afforded were also provided, and which included details of the combined assurance model which was being developed.

**RESOLVED** that that the 2012/13 draft annual internal audit plan as set out in report GA.41 11/12 be approved.

#### **65 THE FUTURE OF PUBLIC AUDIT (GA.42 11/12)**

Consideration was given to a report which provided Members with an update on the future of Public Audit.

In light of the latest position update offered verbally by the External Auditor earlier in the meeting (minute 61 relates), during which it had been noted that local appointments would not be effective until 2017/2018, the Committee were in agreement, that a watch-in-brief be kept on this matter at this time.

**RESOLVED** that the content of report GA.42 11/12, be received and noted and a 'watch-in brief' be kept on the issue of the Public of Future Audit at this stage.

#### **66 REVIEW OF THE ANNUAL GOVERNANCE STATEMENT (AGS) ACTION PLAN 2010/2011(GA.43 11/12)**

Consideration was given to a report which advised Members on the progress with issues of significant governance as set out in the Annual Governance Statement for the period ending 31 March 2011.

Arising from Members' questions, Officers outlined in detail, the work and approach which was being taken to address the Localism Agenda, including the rationale for introducing Area Working and Area Summits. In respect of the latter, Officers confirmed that agendas for such were not pre-set and it was emphasised that this reflected the main thrust of Localism being to facilitate communities with shaping their area and identify the issues that matter to them, rather than the Authority dictating what the priorities for a

particular area were. It was acknowledged that this was a new way of working and thus each summit would result in learning points for the future.

**RESOLVED** that that the progress to-date with the issues identified in the 2010/11 Annual Governance Statement be noted.

#### **67 WORK PLAN (GA.44 11/12)**

Members considered their work plan for meetings during the 2011/12 Civic Year. The report also briefly outlined some of the items due for consideration in the early part of the next Civic Year.

Members' views were sought in respect of the Committee's training requirements for the forthcoming Civic Year, both in terms of prospective topics and the most effective ways in which training could be delivered.

In responding Members were of the view that holding short training sessions, prior to a formal meeting, had proven most effective historically and thus this approach should be used again where appropriate. It was also considered cost effective to make use of joint training events wherever possible and Members noted the date of the Counter Fraud / Risk Management session being held on 23 April 2012 at the County Council. Officers undertook to provide further details of this event outside of the meeting and to give further consideration to the 2012/2013 training programme for the Committee, in the light of the comments made.

On that basis it was

**RESOLVED** that:

- (a) the work plan as at 12 March 2012 be noted;
- (b) an 'Introduction to Audit Committee' training session for Members be arranged on a date early in the 2012/13 Civic Year; and
- (c) Officers give further consideration to the 2012/2013 training programme for the Committee, in the light of the comments made.

The meeting concluded at 8.45 pm.

Chairman