

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 26 September 2011 commencing at 6.30pm.

Present: Councillor Sue Rawlins (Chairman)
Councillor Anne Welburn (Vice Chair)

Councillor Jackie Brockway
Councillor Paul Howitt-Cowan
Councillor William Parry
Councillor Di Rodgers
Councillor Ray Sellars

In Attendance: Section 151 Officer and Financial Services
Manager
Group Accountant
Revenues, Benefits and Customer Services
Manager
Corporate Development Officer
Tony Crawley – District Auditor
Lucy Pledge – Internal Audit
Rachel Abbott – Internal Audit
Democratic Services Team Leader

Also in attendance David Lomas – Chairman of Remuneration Panel

24 APOLOGIES

Apologies were submitted by Councillors Bridger and Leaning, Mrs A Adams, Co-Opted Member and Sharon Bradbury, Audit Manager

25 PUBLIC PARTICIPATION

There was no public participation.

26 MINUTES

RESOLVED that: the Minutes of the meeting of the Audit Committee held on 27 June 2011 be approved and signed as a correct record.

27 MEMBERS' DECLARATIONS OF INTEREST

A blanket Declaration of Interest was recorded on Paper C for any Member who was a member of the Pension Scheme.

28 MATTERS ARISING SCHEDULE (GA.14 11/12)

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions.

RESOLVED that progress on the Matters Arising Schedule be noted.

29 GOVERNANCE AND AUDIT COMMITTEE WORK PLAN (GA.15 11/12)

Members considered their work plan for meetings during the 2011/12 Civic Year.

RESOLVED that the work plan be noted.

30 STATEMENT OF ACCOUNTS (GA.16 11/12) AND EXTERNAL AUDIT ANNUAL GOVERNANCE REPORT (GA.17 11/12)

The Group Accountant introduced the report and appendices which presented the Statement of Accounts 2010/11 for approval and summarised the main changes to the Statement certified by the Chief Finance Officer on 31 June 2011. At the time the agenda was distributed audit work was still ongoing and a small number of minor changes needed to be made to the statements presented, none of the changes impacted on the Core Financial Statements. The Committee was invited to permit the Chief Finance Officer and the Chairman to approve any further changes to the Statement of Accounts identified on completion of the Audit Commission's work.

It had been a difficult year involving much extra work because of the introduction of International Financial Reporting Standards and the additional work associated with the Statement of Accounts for 2009/10. The Group Accountant went through the main changes to the accounts following audit as disclosed in the Balance Sheets listed in Appendix A which included reclassifications of various balances for Housing Benefits and Finance leases in addition to the reversal of entries relating to the transfer of the Marshall's Sports Facility. The transfer had initially been accounted for as a disposal of the asset when in fact a 25 year operating lease was granted to Gainsborough Town Council.

The Group Accountant outlined the changes to the various Comprehensive Income and Expenditure Statements disclosed in Appendix B. The largest

change related to the presentation of the Negative Past Service Pension Cost of £5.5m in 2010/11 resulting from the change in pension indexation from RPI to CPI. This item was now disclosed as an exceptional item instead of under Non Distributed Costs. In addition a number of items relating to grant income and asset disposals had been incorrectly classified in the statements certified on 30 June 2011.

Note Councillor Howitt-Cowan arrived at this point in the meeting.

Members asked if more time would have eliminated some of the errors, and it was acknowledged that it had been an exceptional year, the requirements and format of the accounts had changed, and that time had been a factor.

A Councillor asked whether the Marshall's Sports Ground had been dealt with differently to how Rose's Sports Ground had been done in the past. The Group Accountant confirmed that he would find out the answer to the question.

Discussion ensued on Member Development and Training outlined in the Annual Governance Statement and how to make this more attractive and interesting to Councillors. It was noted that the County's development programme had improved significantly in recent times. It was affirmed that Member Development was a priority agenda item for the Member Forum, the next meeting of which was to take place on 4 October 2011. Members asked that a report be brought back to the Governance and Audit Committee with an update, and that this be added into the Workplan.

Thanks were expressed to officers for the clarity of the report.

The District Auditor then presented the External Audit Annual Governance Report, the key messages of which were set out in the tables on page 3 of the report. On the financial statements an unqualified audit opinion was anticipated and no important weaknesses were identified in internal control. Proper arrangements were verified to secure value for money.

A number of identified non-trifling errors had all been addressed by officers, and there would be some additional audit fees. The difference between the actual result and the actuarial assumption about the return on the pension fund was not considered to be significant. It had been assessed that the Council had taken the appropriate actions to address the matters raised last year in relation to governance and its financial reporting.

It was noted that there was a current trend in the public sector for accounting dates to be brought forward. Assurance was sought that this was not imminent for local authorities.

The new auditing procurement process was explained to the Committee. No action was required at present and updates will be given in due course.

Credit was expressed to the Council's finance officers for the way in which finances had been managed in light of the 2010 Comprehensive Spending Review.

RESOLVED that:

- a) having reviewed the Statement of Accounts it was confirmed that there were no concerns arising from the Financial Statements that needed to be brought to the attention of the Council;
- b) the Statement of Accounts for 2010/11 be approved;
- c) the Section 151 Officer and the Chair of the Committee:
 - (i) approve any further changes to the Statement of Accounts identified on completion of the Audit Commission's work; and
 - (ii) certify the letter of representation to the District Auditor on completion of the audit.

32 AUDIT COMMITTEE ANNUAL REPORT (GA.18 11/12)

The Corporate Development Officer summarised the key areas in the report which included the report from the Planning Review Task and Finish Group. The findings of the Group had concluded that claims of impropriety were linked to administrative errors and failures in communication.

Other key areas included the Statement of Accounts, Governance Arrangements and the Annual Governance Statement, which had its own action plan and which was the subject of a further report on the agenda.

An amendment was sought within the report on page 7 when it was clarified that Councillor Howitt-Cowan had replaced Councillor Keimach on the 2010/11 Audit Committee.

RESOLVED that the Audit Committee's Annual Report 2010/11 be noted.

33 QUARTERLY REVIEW OF ANNUAL GOVERNANCE STATEMENT ACTION PLAN (GA.19 11/12)

The Corporate Development Officer highlighted those significant issues that had been identified for development:

- Member Training and Development
- Scrutiny
- Financial Statements
- Outcome Performance Management
- Partnerships
- Risk Management
- Value for Money and

- Transformation

The current position on work to develop the issues that had been identified was set out in the Action Plan appended to the report.

Members asked for progress on Area Working to be included, and also felt that it was important that Transformation to remain as an issue to be monitored. It was also asked if Relationships could be included, now that there were more than two political parties on the Council it was felt that this may be more of an issue. This was listed within the Corporate Risk Register.

The Internal Audit Officer made cross reference to the Audit Plan which indicated substantial assurance for Governance Arrangements. Support was offered to officers and it was helpful to have discussion with Members. A scoping session was to be arranged with the Chief Executive and the Leader and a draft approach for consideration will be presented to the next meeting of the Committee in December.

RESOLVED that the current position with the Annual Governance Statement Action Plan for 2010/11 be noted.

34 REVIEW OF MEMBERS' ALLOWANCES FOR 2012/13 (GA.20 11/12)

The Revenues, Benefits and Customer Services Manager presented the report from the Remuneration Panel with the recommendations regarding the Scheme of Members' Allowances for 2012/13.

The Remuneration Panel's recommendation was to maintain the status quo, i.e. no increase to the Basic Allowance. Changes to the Council's Committee structure had been considered and the recommendations reflected those changes, these will be revisited in a year following an assessment of workloads.

It was noted that the return rate on a survey had been disappointing, but that this would be reissued. The low response may have been attributable to the fact that some Members were newly elected in May and not able to make an assessment of trends.

Members discussed the recommendations, agreeing that whilst it was appropriate not to receive an increase in the current climate and when staff received no increase, it was important that the work of Councillors not be devalued. The general opinion was that Members were not comfortable setting their own allowances and felt that it should be taken out of their hands – either assessed independently, linked to staff increases or linked to inflation.

The Revenues, Benefits and Customer Services Manager affirmed that the matter had to be a decision for the full Council.

Thanks were expressed to the Remuneration Panel for its work. The Chairman of the Panel said that the work was difficult but enjoyable.

RESOLVED that

- a) the Governance and Audit Committee note the recommendations of the Remuneration Panel; and
- b) recommend to full Council that the necessary amendments be made to the Constitution.

35 SUMMARY OF FRAUD INVESTIGATED DURING 2010/11 (GA.21 11/12)

The Revenues, Benefits and Customer Services Manager introduced the annual report summarising the number, type and results of fraud investigations made to the Council during 2010/11.

Colour slides were shown to give a clearer representation of the graphs which showed the statistics. It was noted that the Housing Benefits Matching Service was the most prolific source of information, but that anonymous calls could prove difficult in obtaining sufficient details.

The different types of fraud were shown on a further chart, a high proportion of these being as a result of undeclared partners or household members. It was noted that the Investigations team was the highest performing in the Lincolnshire area, with a 25% increase in successful prosecutions.

Members asked whether covert surveillance was ever used to catch perpetrators. This method was occasionally used but only as a last resort as RIPA processes had to be followed.

Questions were asked about impending changes to the benefit system and what impact these would have on the service. Members also discussed ways of publicising the need to inform the Benefits service of any changes in circumstances.

RESOLVED that the information on Benefit Fraud in 2010/11 be noted.

36 SUMMARY OF WHISTLE BLOWING INVESTIGATED DURING 2010/11 (GA.22 11/12)

The Revenues, Benefits and Customer Services Manager presented the annual report on the summary of Whistle Blowing in 2010/11, and noted that there were no instances to report. Assurance was given that there was a general awareness of the process.

RESOLVED that the information on Whistleblowing in 2010/11 be noted.

37 SUMMARY OF COMPLAINTS INVESTIGATED DURING 2010/11 (GA.23 11/12)

The Revenues, Benefits and Customer Services Manager presented the annual report on the summary of Complaints made to the Council in 2010/11. The details given in the report were based on feedback received in previous meetings. The trends shown on the graph indicated little change on previous reports, with most of the complaints being regarding waste collection, but Members agreed that given the instances of service provision the statistics were relatively low.

The biggest area of concern was response times, this was being monitored. Attempts were made to maintain liaison with customers through the complaints process, but once a complaint was passed to the Ombudsman it was dealt with exclusively by that office.

Members noted that it would be interesting to see statistics on vexatious or frivolous complaints.

A further chart showed those compliments that had been received by the Council.

RESOLVED that the information on Complaints in 2010/11 be noted.

38 INTERNAL AUDIT PROGRAMME 11/12 –PROGRESS REPORT (GA.24 11/12)

Internal Audit officers presented the second of four quarterly reports, to give the Committee an update of progress, by the Audit partner, against the annual programme agreed by the Audit Committee on 5 April 2011.

The report set out the key messages on the work completed, the initial outcomes on work outside of the workplan, and updates on the work not yet completed.

- The outcome of the Partnership Management peer review was to be reported back to the Committee;
- no errors had been identified in the Housing Benefit Subsidy claim 2010/11;
- outstanding actions were being firmed on the review of Governance Arrangements;
- the Council was working as part of a home office pilot in a County wide approach to Anti-Social Behaviour;
- an 'assurance map' was being developed and would be presented to the Committee in December
- outstanding recommendations and their progress was summarised in appendices to the report.

It was agreed that those areas set out in Appendix B, all having received Substantial Assurance, need only be reported in future if there were any exceptions.

The most significant outstanding issue was that of Member Development, which had been discussed earlier in the meeting and which was to be explored by the Member Forum. Progress and agreed actions would be tracked.

RESOLVED that

- a) the report be noted; and
- b) future progress reports to only include outstanding recommendations where the audit resulted in 'No' or 'Limited' assurance.

The meeting concluded at 8.32 pm.

Chairman