

WEST LINDSEY DISTRICT COUNCIL

MINUTES of a Meeting of the Governance and Audit Committee held in the Council Chamber at the Guildhall, Gainsborough on Thursday 26 September commencing at 6.30 pm.

- Present:**
- Councillor Sue Rawlins (Chairman)
 - Councillor Giles McNeill (Vice-Chairman)

 - Councillor Gillian Bardsley
 - Councillor Ken Bridger
 - Councillor Jackie Brockway
 - Councillor David Dobbie
 - Councillor Malcolm Leaning
 - Councillor Roger Patterson
 - Councillor Di Rodgers
 - Councillor Anne Welburn

 - Steve Wallace (Independent Co-opted Member)
- In Attendance:**
- Manjeet Gill Chief Executive
 - Jeanette McGarry Interim Director
 - Alex Reeks Assistant Chief Executive
 - Russell Stone Section 151 Officer and Financial Services Manager
 - Tracey Bircumshaw Group Accountant
 - Katie Coughlan Governance and Civic Officer
- Also in attendance :**
- Lucy Pledge Internal Audit (Lincolnshire County Council)
 - Rachel Abbott Internal Audit (Lincolnshire County Council)
 - Paula Longden External Audit (KPMG)
 - Tony Crawley External Audit (KPMG)
- Also Present :**
- Councillor Chris Darcel
 - Councillor Jeff Summers
- Apologies:**
- Alison Adams (Independent Co-opted Member)
- Membership:**
- No substitutes appointed

20 CHAIRMAN'S ANNOUNCEMENT

The Chairman and the Committee as a whole wished to place on record their thoughts and best wishes for Councillor Underwood-Frost and his family at what was a very difficult time for them all.

21 PUBLIC PARTICIPATION

There was no public participation.

22 MINUTES

Meeting of the Governance and Audit Committee held on 26 June 2013

RESOLVED that the Minutes of the meeting of the Governance and Audit Committee held on 26 June 2013 be approved and signed as a correct record.

23 MATTERS ARISING SCHEDULE (GA.12 13/14)

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 18 September 2013.

Officers confirmed that audit actions in respect of the one red item had now all been completed.

With regard to the black item entitled MIN 51 JPU, the Committee requested that a further report be submitted to give assurance that all actions arising from the audit had been completed.

With regard to the black item entitled "MIN 10 External Audit Interim Report" Officers confirmed the required amends to the Big Red Dot Foundation Contract would be being made in the next six weeks.

RESOLVED that progress on the Matters Arising Schedule as set out in report GA.12 13/14, and the updates detailed above, be received and noted.

24 MEMBERS' DECLARATIONS OF INTEREST

There were no declarations of interest made.

25 ANNUAL GOVERNANCE STATEMENT (GA.13 13/14)

Members gave consideration to a report which presented the Annual Governance Statement and Action Plan.

Debate ensued and with reference to page 17 of the report a Member indicated that further guidance was required on what was deemed adequate training for Members to serve on specific committees. Officers indicated this matter would be looked at as part of the ongoing constitutional review.

Members also indicated that training organised well in advance would assist them in them being able to attend.

In light of Members' comments, there was a suggestion that section 4.2 of the report should be amended to make greater reference to the ongoing governance work. However on reflection, in light of this document being integral to other items on the agenda, and it being a live document, it was agreed that this would be monitored going forward and progress updates included in the action plan, which would be reported to the Committee at regular intervals.

A Member of the Committee made reference to Paper E and the comments included on page 4 of the document which related to this item. Members sought and received assurance from the External Auditor that he was now satisfied the Annual Governance Statement reflected the current position in respect of Governance within the Council.

RESOLVED that the Annual Governance Statement and Action Plan be approved.

26 DRAFT CORPORATE GOVERNANCE REPORT (GA.14 13/14)

Consideration was given to a report which presented the review of governance.

Officers presented the report in detail to the Committee, emphasising the key findings which had arisen from the review, as detailed in the report.

By way of context it was stressed that the organisation had gone through a period of 3 years of complex change, and thus the resolution was not just about training but changing mindsets. The Chief Executive placed on record her thanks to Officers for the commitment they had demonstrated in addressing the concerns raised in respect of Corporate Governance.

On the whole the Committee considered the document to be both encouraging and informative. They were in agreement with the view that a blame culture should not be established but a culture of learning and development should be encouraged and nurtured.

The Committee sought and received assurance that a SMART Action Plan would be developed and continually monitored and any actions stated therein would be implemented. In response it was noted that the SMART Action plan would be submitted to the Committee's next meeting and on a regular basis thereafter.

RESOLVED that: -

- (a) the findings of the report and the action plan be agreed; and
- (b) the SMART Action Plan and progress to-date be presented to the Committee's next meeting.

27 AUDITED STATEMENT OF ACCOUNTS (GA.15 13/14)

Members gave consideration to a report which presented the 2012/13 Statement of Accounts for scrutiny and adoption.

Members asked a number of technical and pertinent questions particularly in respect of the Icelandic investments and their impact on the financial standing of the Council.

Members were referred to page 87 of the document and Officers indicated the real figure the Council was expecting as shortfall was circa £250k - £300k, but stressed that this was all based on assumptions.

There was a general debate around the Icelandic situation and it was stressed that had the money been invested in a UK bank which found itself in the same situation as the Icelandic banks did, the level of recovery would have been significantly reduced. The reasons being, that Local Government Investments were protected by Icelandic law but would have not have been protected by UK Law.

The Council had been operating a very tight Investment Policy, during the economic crisis and Officers indicated that a new Treasury Management Policy would be submitted to the Committee at its next meeting and this would include some new investment options for consideration.

It was noted that the debt profile had not changed significantly over the year.

RESOLVED that: -

- (a) having reviewed the statement of Accounts as detailed in report GA.15 13/14 it be confirmed that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council;
- (b) the Statement of Accounts for 2012/13 be approved;

- (c) the Section 151 Officer and the Chair of the Governance and Audit Committee certify the letter of representation to the External Auditor on completion of the audit.

28 EXTERNAL AUDIT REPORT ISA 260 HIGHLIGHTS REPORT (GA.16 13/14)

Members gave consideration to the External Audit ISA 260 highlights report. The report summarised the key issues identified by the External Auditor during their audit of the Council's financial statements for the year ended 31 March 2013 and set out the External Auditors assessment of the Council's arrangements to secure value for money in its use of resources.

The Committee were taken through the report in some detail.

It was noted at the time the report had been issued, work had not been completed to support the 2012/13 VFM conclusion, the reasons for this were explained.

The External Auditor outlined the four possible options available to him when issuing a VFM conclusion. Officers confirmed that all necessary work had now been completed and the opinion reached was a not qualified opinion but the opinion would draw attention to "other matters" this being governance.

The elector engagement referred to by the External Auditor was applauded and in response to the Committee's enquiries as to how this process worked, detailed information was provided.

The Chairman made reference to it being good practice for both internal and external auditors to meet with the Committee in private on annual basis and it was suggested that this meeting take place after the forthcoming special meeting.

RESOLVED that the contents of the report be received and noted.

29 COMBINED ASSURANCE STATUS REPORT (GA.17 13/14)

Consideration was given to a report which presented the Council's Combined Assurance Report (Autumn 2011 – Spring 2013).

Further details regarding the way in which the report had been produced and how information was triangulated were provided to the Committee and Members welcomed the format and easy to understand nature of the report.

In responding to Members' comments, Officers confirmed they would see such a report on an annual basis. An easy indication, which Members should look for, as a sign as to whether improvements were being achieved, would be

to monitor the levels of unknowns stated in the report (as set out on page 4 of the report).

RESOLVED that the Combined Assurance Report be received and noted.

30 INTERNAL AUDIT QUARTERLY PROGRESS REPORT (GA.18 13/14)

Consideration was given to a report which presented Members with an update of progress, by the Audit Partner, against the 2013/14 annual programme agreed by the Audit Committee on 21 March 2013.

In responding to Members' questions, the Head of Internal Audit, outlined the process by which the Elswitha report would be issued.

With regard to the limited assurance received around IT security, reference was made by Officers to the work which had been undertaken to achieve CoCo compliance, and the improvements that been realised.

Members sought assurance, that the IT systems were secure from hacking attempts and in light of the technical nature of IT audits, the Audit Partner undertook to get further details from the specialist who had assisted and provide these to the Committee outside of the meeting.

RESOLVED that the contents of the report be received and noted.

31 MOTION FROM COUNCIL - REVIEW OF CONTRACT PROCEDURE RULES (GA.19 13/14)

Members gave consideration to a motion from Council which related to a request to amend the Contract Procedure Rules.

Councillor Darcel, who had submitted the original motion, addressed the Committee, explaining the reasons for him having done so. This had primarily been as a result of the way in which the Leisure Contract had been let, something Councillor Darcel had been opposed to.

In response, the Section 151 Officer, recounted the rationale for the decision around the Leisure Contract, emphasising the benefits achieved by the approach which had been adopted.

As a whole the Committee were in agreement with the Officers view expressed in the report, and understood the reasoning behind this.

Mention was also made to recent case law regarding the "rights of bidders" and Council were duty bound to take such matters into consideration.

RESOLVED that: -

- (a) the exemption clauses remain within the Contract Procedure Rules;
- (b) details of bids and tenders are not made available for public scrutiny due to their commercially sensitive nature;
- (c) members adhere to the approved governance arrangements relating to access to information of a commercially sensitive nature; and
- (d) thus, no amendments be made to the current Contract Procedure Rules.

19 WORK PLAN (GA.20 13/14)

Members considered their work plan for meetings during the 2013/14 Civic Year.

It was requested that the Constitution be added to the workplan.

RESOLVED that the work plan as at 18 September 2013 be noted and the additional items referred to through the course of the debate be incorporated thereto.

The meeting concluded at 9.05 pm.

Chairman