

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 12 November 2015, commencing at 6.30 pm.

Present: Councillor Giles McNeill (Chairman)
Councillor Jackie Brockway (Vice Chairman)

Councillor Mrs Sheila Bibb
Councillor David Bond
Councillor Hugo Marfleet
Councillor Angela White

Alison Adams (Independent Co-opted Member)

In Attendance:

Ian Knowles	Director of Resources and S151 Officer
Alan Robinson	Strategic Lead – Democratic and Business Support
James O'Shaughnessy	Team Manager – Business Improvement and Corporate Governance
Katie Coughlan	Governance and Civic Officer

Also In Attendance :

Adrian Benselin	KPMG External Auditor
Gillian Martin	Principal Investigator, Lincolnshire Audit

Also Present: Mr Andrew Morriss (Independent Co-opted Member – Elect)

Apologies: Mr Peter Walton (Independent Co-opted Member)

46 CHAIRMAN'S WELCOME AND INTRODUCTIONS

In opening the meeting, the Chairman welcomed all those present and introduced Mr Andrew Morriss, Independent Co-opted Member (Elect). Subject to Council approval on Monday 16 November, Mr Morriss would be joining the Committee's membership, as third lay member, following a successful interview process.

The Chairman also introduced Gillian Martin, Principal Investigator at Lincolnshire Audit, who would be making a short presentation to Members on Fraud Awareness.

47 PUBLIC PARTICIPATION

There was no public participation.

48 MINUTES

- (a) Meeting of the Governance and Audit Committee held on 17 September 2015 (GA.34 15/16)

RESOLVED that the Minutes of the meeting of the Governance and Audit Committee held on 17 September 2015 be approved and signed as a correct record.

49 MEMBERS' DECLARATIONS OF INTEREST

There were no declarations of interest made at this stage of the meeting.

50 MATTERS ARISING SCHEDULE SETTING OUT CURRENT POSITION OF PREVIOUSLY AGREED ACTIONS AS AT 4 NOVEMBER 2015 (GA.35 15/16)

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 4 November 2015.

With regard to the green item entitled "County Council Boundary Review" the Chairman updated the Committee on the intended next steps, as outlined in the Schedule.

RESOLVED that progress on the Matters Arising Schedule as set out in report GA.35 15/16, be received and noted.

51 ANNUAL AUDIT LETTER 2014/15 (GA.36 15/16)

Members gave consideration to a report which presented the Annual Audit Letter to the Committee. The Headlines, as set out on page 2 of the report, were outlined to Members and included that the Authority had: -

- an unqualified audit opinion on the 2014/15 Statement of Accounts;
- an unqualified value for money (VFM) 2014/15 conclusion;
- had good processes in place for the production of its accounts;
- had received certified completion of the Audit; and
- had an Annual Governance Statement consistent with the External Auditor's understanding of the Authority.

In concluding, the Audit Fee for 2014/15 was highlighted.

RESOLVED that the information contained within report GA.36 15/16 be received and noted.

52 WORK PLAN (GA.37 15/16)

Members considered their work plan for remaining meetings during the ensuing civic year.

RESOLVED that the work plan as at 4 November 2015 be noted.

53 FRAUD AWARENESS TRAINING / PRESENTATION

The Chairman again welcomed Gillian Martin to the meeting and invited her to make her presentation to the Committee.

In opening Ms Martin advised of how the Lincolnshire Fraud Partnership had come into being, this being primarily as a result of Central Government's Decision to create a Single Fraud Unit.

Members were advised the presentation would focus on:

- The Lincolnshire Counter Fraud Partnership
- What the key fraud risks were and the cost to the public purse; and
- Audit Committee responsibilities.

The Partnership had been working with district representatives to establish its working arrangements. Despite being in its infancy the Partnership representatives were meeting regularly to progress the Fraud Work Plan – key areas included developing a county wide fraud risk register, raising fraud awareness, reviewing compliance against the Cipfa code on managing fraud and corruption and progressing funded projects such as Single Person Discount and Council Tax Support.

The fraud risk assessment would be used to determine priorities for pro-active fraud work (e.g. procurement, housing, grants, business rates and insurance). Districts were currently considering areas of particular interest and nominating subject area experts so that scoping work could progress. The Partnership would be working with the districts to develop their specific fraud risk register so fraud risks could be routinely considered.

Various initiatives were being considered to raise awareness and understanding of fraud – with an initial press release having been undertaken in August 2015. A number of fraud articles were also planned for inclusion in key publications.

Members noted that Fraud was estimated to cost £73 billion a year in the UK Including losses of £20.5 billion in the public sector, including £14bn in Tax; £2.5bn to Central Government; £2.1bn to Local Government; and £1.9bn in Benefits. It was further noted that monies lost could fund some 700,000 public sector workers.

Other implications could arise from Fraud these being;

- Reputational damage
- Distrust

- Poor morale
- Higher taxes
- More expensive public services
- Funding for terrorism, drug gangs, child exploitation

Members were advised of the formal definition given to Fraud and the three main ways of committing fraud, established by the Fraud Act 2006. These being: -

- Fraud by False representation;
- Fraud by a Failure to disclose information; and
- Fraud by Abuse of position.

As previously advised to Members £2.1bn of monies were lost as a result of Fraud within / against Local Government. Members were provided with a further breakdown of the areas most commonly affected and the cost to each, these included Procurement, Housing Tenancies, Payroll and recruitment and Council Tax to name a few.

The factors which led to Fraud occurring were highlighted to Members, with the Fraud Triangle of “Motivation” “Opportunity” and “Justification” being used to demonstrate this. The variety of ways in which Fraud could be discovered were also outlined and included by internal and external audit, a change in staffing and whistleblowing. There were some potential Fraud Warning Signs that could be evident amongst contractors, suppliers and colleagues and these were shared with the Committee.

Finally, the Committee were reminded of the duties they had in terms of Fraud and the measures they could take to meet these, including: -

- Being Aware of the major fraud risks the council faced
- Championing good counter fraud practice to the wider organisation
- Ensuring the counter fraud strategy had been reviewed against best practice
- Reviewing the annual counter fraud plan of activity and resources, and seeking assurance that it was in line with the strategy and risk profile
- Overseeing any major areas of fraud identified, and monitoring action plans to address any control weaknesses
- Monitoring the performance of the counter fraud function

The Chairman thanked Ms Martin for her informative presentation and advised Members that the presentation slides were available on the Members Portal.

54 EXCLUSION OF PUBLIC AND PRESS

RESOLVED that under Section 100 (A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

**55 QUICKLINE BUSINESS PLAN / PAYMENTS – MONITORING REPORT
(GA.38 15/16)**

Members received a report for assurance purposes and to give the Committee confidence that Quickline were able to meet the conditions of the loan.

In presenting the report Officers indicated at present the arrangement was in line with expectations and capital repayments had also now commenced.

Referring Members to page 12 of the report, the areas of concern were summarised. The 10 assurance questions were also highlighted to the Committee and it was noted that three of these were considered to have not been met. Reasoning was provided to the Committee during which Members noted that all of the desired masts had now been installed and therefore the remainder of Tranche 3 of the loan was no longer required. Members also received information on the relationship between BDUK and Quickline, and how this was affecting sales and cashflow performance. This position was likely to remain unchanged until December 2015.

Officers again re-iterated that whilst there were a few areas of minor concern, no action was considered necessary, as all payments to date had been met.

RESOLVED that having received the monitoring information, Members be assured that the conditions of the loan are being met / can be met.

The meeting concluded at 7.14 pm.

Chairman