

**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 17 March 2016, commencing at 6.30 pm.

**Present:** Councillor Giles McNeill (Chairman)

Councillor Mrs Sheila Bibb  
Councillor Angela White

Alison Adams (Independent Co-opted Member)  
Andrew Morriss (Independent Co-opted Member)  
Peter Walton (Independent Co-opted Member)

**In Attendance:**

Ian Knowles	Director of Resources and S151 Officer
James O'Shaughnessy	Interim Strategic Lead - Transformation
Katie Coughlan	Governance and Civic Officer

**Also In Attendance :**

Lucy Pledge	Internal Audit, Lincolnshire County Council
Matthew Waller	Internal Audit, Lincolnshire County Council
Adrian Benselin	KPMG – External Auditor
John Cornett	KPMG – External Audit

**Apologies:**

Councillor Jackie Brockway (Vice Chairman)  
Councillor Hugo Marfleet  
Councillor David Bond

**71 PUBLIC PARTICIPATION**

There was no public participation.

**72 MINUTES**

- (a) Meeting of the Governance and Audit Committee held on 19 January 2016 (GA.50 15/16)

**RESOLVED** that the Minutes of the meeting of the Governance and Audit Committee held on 19 January 2016 be approved and signed as a correct record.

### **73 MEMBERS' DECLARATIONS OF INTEREST**

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

### **74 MATTERS ARISING SCHEDULE SETTING OUT CURRENT POSITION OF PREVIOUSLY AGREED ACTIONS AS AT 9 MARCH 2016 (GA.51 15/16)**

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 9 March 2016.

With regard to the action entitled “boundary review consultation response” at the request of an Independent Member, the contents of the response were summarised.

**RESOLVED** that progress on the Matters Arising Schedule as set out in report GA.51 15/16, be received and noted.

### **75 CERTIFICATION OF GRANTS AND CLAIMS (GA.52 15/16)**

Consideration was given to report which summarised the outcome of the work undertaken by KPMG on Grant Claim Certifications 2014/15, of which the headlines included: -

- Certification of housing and council tax benefit grant of £23,210,654m
- An unqualified opinion
- No recommendations to the Authority on how to improve its claim completion process.

Assurance was offered by the External Auditor that “the small number of errors identified” should not be a cause for concern and amounted to a monetary value of £444 of a claim worth over £23m.

**RESOLVED** that the information contained within report GA.52 15/16 be received and noted.

### **76 EXTERNAL AUDIT PLAN 16/17 (GA.53 15/16)**

The Committee gave consideration to a report which explained the process of the External Audit of the Statement of Accounts and approach to the Value for Money Audit 2015/16.

In presenting the report, the headlines contained on page 1 of the report were outlined to the Committee. The Committee’s attention was drawn to the significant audit risks outlined on page 4 of the report, particularly the reasons for the “provision of business rates appeals” having been identified.

In concluding it was noted that the planned Audit Fee for 2015/16 was £43,403. This was a 25% reduction in audit fee compared to 2014/15 but was subject to a number

of assumptions be adhered to as set out in Audit Fee Letter, previously submitted to Committee.

**RESOLVED** that the information contained within report GA.53 15/16 be received and noted.

## **77 PROGRESS REPORT / TECHNICAL UPDATE (GA.54 15/16)**

Consideration was given to a report which provided Members with an update on External Audit Progress and of technical changes which would need to be considered as part of the 2015/16 Financial Statements.

The report was split into 3 main areas:

- The External Audit Report - which summarised the progress to-date against the deliverables for 2015/16 External Audit and indicated on target progress;
- Technical Update – which provided a summary of the technical changes to legislation, regulation and guidance that would need to be considered in finalising the Financial Statements for 2015/16; and
- KPMG Resources – which highlighted the resources available from KPMG that maybe useful to Members as part of their work as Councillors.

In response to Members' queries regarding the revised auditing timetable for the Statement of Accounts, the Director of Resources summarised the revised timetable. It was noted that these changes would not come into effect until the 16/17 accounts were published, however, the authority were trialling the revised timetable in preparation for the change. A further report would be submitted to the Committee's next meeting regarding the appointment of an External Auditor.

**RESOLVED** that having reviewed the progress to-date the information contained within report GA.54 15/16 be received and noted.

## **78 DRAFT INTERNAL AUDIT PLAN 16/17 (GA.55 15/16)**

Members gave consideration to a report which provided Members with details of the draft annual programme of internal audit work to be completed by the Audit Partner in 2016/17.

The report aimed to give a high level overview of areas audit were likely to cover during the year. The audit plan had been developed to enable the Audit team to respond to changes during the year. Whilst every effort would be made to deliver the plan it was stressed that the plan also recognised the need for flexibility and being prepared to revise audit activity, responding to changing circumstances or emerging risks.

The Internal Audit Strategy as detailed on page 1 of the report was outlined to the Committee and this indicated how activities had been selected.

The proposed plan was detailed at Appendix B.

The Chairman noted that at his request an audit had been removed from last year's plan to accommodate the Audit into the Planning Department. He sought indication as to whether this activity had been re-scheduled into the 16/17 plan. Officers undertook to investigate and advise the Chairman accordingly.

**RESOLVED** that having considered the content of the report the Internal Audit Plan for 2016/17 be approved.

## **79 COMBINED ASSURANCE REPORT (GA.56 15/16)**

Consideration was given to a report which presented the Council's Combined Assurance.

The purpose of the Combined Assurance Report was to produce a record of assurances against our critical activities and risks. It provided an overview of assurance across the Council making it possible to identify where assurances were present, and their source, and where there were potential assurance 'unknowns or gaps'. It offered a tri-angulated view of assurance with separate opinion provided by management; corporate and/or third party assurance and Internal Audit. The Combined Assurance Report is produced annually and the current report covered the period 2015/16.

The findings showed that improvement continues with 79% of critical activities assessed as performing well (green) and no activities causing significant cause for concern (red). Last year's report provided the following findings: 61% green; 32% amber and 7% red.

Those transactional activities categorised as 'amber' in nature in this year's report included Development Management; Community Safety/ASB and Local Land Charges. These areas were all the subject of current reviews and action plans were in place. The remaining areas classified as 'amber' in nature were outlined in the report with explanations for their respective assessments:

The report would be used as a basis for learning and improvements and service planning and would be updated to provide an overall level of assurance, focussing on the critical areas for the Council in achieving strategic objectives for the 2016/17 period.

The findings of the report would be used to inform Internal Audit's work plan for 2016/17.

The Chairman placed on record his thanks for the continuing improved position.

Lengthy and detailed discussion ensued particularly around the assurance level offered in respect of Governance, this being amber. Some Members were of the view that the Authority should strive for a green rating, however, other Members

expressed concern that efforts would be focussed on achieving green as opposed to delivering results. Officers were confident that the Authority was well placed.

It was noted that Governance Workshops were being held on 4 April 2016.

**RESOLVED** that having reviewed the Combined Assurance report for 2015/16 its content be approved.

## **80 ACCOUNTING POLICIES AND ACTUARY ASSUMPTIONS 2015/16 (GA.57 15/16)**

Consideration was given to a report which asked Members to review and approve the accounting policies and actuary assumptions that would be used for the preparation of the 2015/16 accounts.

The key changes to the accounting policies as summarised in Section 2 of the report were outlined to the Committee

**RESOLVED** that:

- (a) the proposed Accounting Policies as included at Appendix 1 of report GA.57 15/16 be approved; and
- (b) the pension assumptions as included at Appendix 2 of report GA.57 15/16 be noted.

## **81 UK MUNICIPAL BONDS AGENCY'S FRAMEWORK AGREEMENT, AND JOINT AND SEVERAL GUARANTEE (GA.58 15/16)**

Consideration was given to a report which sought approval of the Council's entry into the Framework Agreement required to enable the use of the Municipal Bonds Agency for the purpose of borrowing.

The Director of Resources outlined what the Joint and Several Guarantee was and how it worked. It was stressed that the Authority would not necessarily use this route as a form of borrowing but by signing up to it, it afforded the opportunity should it be beneficial to do so.

The Chairman requested that the words "following consultation with the Chairman of the Governance and Audit Committee" be inserted into the final recommendation and on that basis having being seconded it was: -

**RESOLVED** that:

- (a) the Council's entry into the Framework Agreement and its accompanying schedules including the Joint and Several Guarantee be approved;

- (b) delegated authority be granted to the Director of Resources as Section 151 Officer and Alan Robinson as Monitoring Officer to sign those documents, as appropriate, on behalf of the Council; and
- (c) delegated authority be granted to the Section 151 Officer, following consultation with the Chairman of the Governance and Audit Committee, to agree amendments to the framework as appropriate.

## **82 WORKPLAN (GA.59 15/16)**

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

It was noted that the Appointment of an External Auditor would be included on the Committee's work plan for its April meeting.

**RESOLVED** that the work plan as at 9 March 2016 be noted subject to the inclusion of the above item.

The meeting concluded at 7.38 pm.

Chairman