



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 8 January 2015, commencing at 7.00pm.

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

Councillor Gillian Bardsley
Councillor Ken Bridger
Councillor Chris Day
Councillor David Dobbie
Councillor Ian Fleetwood
Councillor Malcolm Leaning
Councillor Anne Welburn

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

In Attendance:

Ian Knowles	Director of Resources and S151 Officer
Alan Robinson	Strategic Lead – Democratic and Business Support
Tracey Bircumshaw	Group Accountant
James O’Shaughnessy	Business Improvement Manager
Katie Coughlan	Governance and Civic Officer

Also in Attendance:

Adrian Benselin	External Auditor - KPMG
Lisa Mackenzie	Internal Audit – LCC
Rachel Abbott	Internal Audit – LCC

Also Present: Councillor Geoff Wiseman

Apologies: None received

The Chairman welcomed all present to the meeting and wished everyone a Happy New Year.

55 PUBLIC PARTICIPATION

There was no public participation.

56 MINUTES

Meeting of the Governance and Audit Committee held on 20 November 2014

RESOLVED that the Minutes of the meeting of the Governance and Audit Committee held on 20 November 2014 be approved and signed as a correct record.

57 MEMBERS' DECLARATIONS OF INTEREST

Mr Peter Walton and Mrs Alison Adam, Co-opted Members of the Committee, both declared a pecuniary interest in Paper G (Discussion Item – Co-opted Members of Governance and Audit Committee) and indicated they would withdraw from the Chamber during consideration of this item.

58 MATTERS ARISING SCHEDULE SETTING OUT CURRENT POSITION OF PREVIOUSLY AGREED ACTIONS AS AT 30 DECEMBER 2014 (GA.36 14/15)

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 30 December 2014.

In respect of the black item (access to Minerva for lay members) Councillor Leaning again asked that Officers bear in mind they could only access items posted on the Members Portal not the whole of Minerva.

In respect of the black item (Treasury Management Training) Members commented on the high quality of the training they had just received and thanked all those involved in arranging and providing this.

RESOLVED that progress on the Matters Arising Schedule as set out in report GA.36 14/15, be received and noted.

59 WEST LINDSEY FRAUD BRIEFING (GA.37 14/15)

The External Auditor made a presentation to the Committee on Fraud. The purpose of the Fraud Briefing was to: -

provide an information source to support Councillors' consideration of fraud detection performance at their Council, compared to similar local authorities;

give an opportunity to review the counter fraud detection performance compared to similar local authorities;

to give focus to enable discussion of national and local fraud risks, reflect on local priorities and the proportionate responses needed.

be a catalyst for reviewing the Council's current strategy, resources and capability for tackling fraud.

Lengthy debate and questioning followed, with Members commenting on the difficulty in understanding the graphical information.

Officers advised that the figures relating to West Lindsey were inaccurate, stating that a total of 41 cases of fraud had been detected as opposed to the 10 stated within the report. It was apparent that different authorities were reporting on different measures, making true comparisons difficult. Officers offered reassurance that future submissions would undergo a more rigorous verification process prior to being submitted, and again apologised.

Arising from the information within the presentation, the external Auditor had suggested that there may be value in working with Social Housing providers to combat tenancy fraud which was on the increase nationally.

In responding to Members' questions, Officers outlined the nature of the relationship with Acis and the ways in which the two organisations shared data to address such matters. The work undertaken with Acis primarily focussed on Housing Benefit cases, as opposed to Tenancy Fraud. It was noted that Acis had no internal fraud resource and Officers indicated the authority would welcome working more closely with them in the future. Making greater use of the Council's Fraud Resource, was also viewed as a potential income generator in the future.

With regard to the Council's Fraud Resources, Officers advised of the changes which had been made as a result of the formation of the National Single Fraud Investigation Service, who were now charged with undertaking all Benefit Fraud Investigations and had been since the 1 November 2014.

Officers had presented a successful Business Case to retain a Fraud Investigator and an Intelligence Officer within the Authority. A number of other Lincolnshire Authorities, on having their Fraud Service transferred, had chosen not to retain their Fraud resource. As a result Officers were confident that for an Authority the size of West Lindsey, the Fraud resource retained was significant and could be used to investigate more varying types of fraud, which had not previously been the case. Furthermore West Lindsey was a partner in the countywide partnership, thus further increasing its capacity and knowledge.

Members sought assurance that Corporate / Internal Fraud was also looked at. In responding Officers outlined the numerous internal controls which helped prevent Corporate Fraud, including segregation of duties and robust internal procedures and processes. It was noted that the Fraud Briefing referred to internal fraud having been detected but provided no further information on this matter. The Director of Resources briefing outlined to Members the circumstances to which this one case related. Accepting the Committee were in open session, the Chairman requested that he be further briefed on the circumstances at a future briefing meeting.

RESOLVED that:

- (a) the briefing be received and noted; and
- (b) the Committee's concerns regarding the weaknesses in accuracy identified during the course of the debate be noted.

60 SCRUTINY OF DRAFT TREASURY MANAGEMENT STRATEGY 2015/16 (GA.38 14/15)

The Committee were asked to scrutinise the Draft Treasury Management Strategy with a view to recommending its inclusion within the Medium Term Financial Plan.

In responding to questions posed, Officers confirmed that the draft Strategy as presented did not include provision for the Council to borrow money. Whilst this position may change in the future, assurance was given to the Committee that such a position change would be deemed a change in Strategy and thus would be subject to Committee approval in the first instance.

At the Committee's request, Officers outlined the types of project in the future, where "borrowing" may be more appropriate, but again stressed the Strategy currently did not include such a provision, nor was it being proposed.

Making reference to page 16 and the counterparty list, it was noted that "Certificates of Deposit" were a new proposed inclusion, again Committee were advised of when such investments may be most appropriate.

Again, referring to the counterparty list, and in response to Members' questions, Officer outlined how lending between local authorities took place. It was stressed that these were not personal approaches but lending managed through a pooled resource. Direct approaches from such bodies would be deemed capital investment decisions, outside of the Treasury Management Policy.

RESOLVED that having scrutinised the draft Treasury Management Strategy it be **RECOMMENDED** to Full Council for inclusion within the Medium Term Financial Plan.

61 INTERNAL AUDIT QUARTERLEY PROGRESS REPORT (GA.39 14/15)

Consideration was given to a report which provided Members with an update of progress, by the Audit Partner, against the 2014/15 annual programmes agreed by the Audit Committee in March 2014.

In responding to Members comments, Officers confirmed that the Audit into the Planning Service, commissioned by the Committee, would be completed during Quarter 4.

Members welcomed the revised, more realistic timescales for actions. Officers commented that a significant amount of work had been undertaken to ensure, that all

actions agreed were deliverable, measurable and not open-ended, as had been the case historically. Assurance was also given that actions were now being dealt with in priority order and the risk level taken into consideration. It was noted that a number of actions had been completed since the time of writing the report and these were outlined to the Committee.

RESOLVED that the information contained within the report be received and noted.

62 CENTRAL LINCOLNSHIRE LOCAL PLAN HIGHLIGHT REPORT (GA.39 14/15)

Members gave consideration to the first highlight report in relation to the ongoing audit into the Central Lincolnshire Local Plan.

It was noted that the Stakeholder engagement and consultation, together with financial sustainability of the partnership, elements of the audit had now been completed and the results and arising action plan were shared with Members.

Members enquired as to whether the gateway review would be submitted to the Challenge and Improvement Committee for scrutiny purposes, and if not, sought indication as to how they would receive assurance.

In responding to Members comments and concerns, Officers stressed that the intention of the audit had never been to determine whether or not the Plan being produced would pass inspection. No internal audit could guarantee such, what the audit would provide was assurance the practices and processes required were in place.

It would not be appropriate for the gateway review to be submitted to the Challenge and Improvement Committee, and Members should seek assurance from their representatives on the Joint Committee.

It was noted that the second highlight report, covering staffing and resources; contract management; and quality assurance of evidence bases was nearing completion and Officers undertook to programme this into the Committee's workplan.

RESOLVED that: -

- (a) the information contained within the report be received and noted; and
- (b) the second highlight report be programmed into the Committee's work plan.

Note: Councillor Ian Fleetwood declared a non-pecuniary interest in the above item of business, as the Council's reserve Member on the Central Lincolnshire Joint Strategic Planning Committee.

63 ANNUAL GOVERNANCE STATEMENT ACTION PLAN PROGRESS REPORT (GA.40 14/15)

Consideration was given to a report which reviewed the progress with the Annual Governance Statement 2013/14 Action Plan.

No concerns were raised.

RESOLVED that Members have assurance that the current position of the Annual Governance Statement Action Plan for 2013/14 will result in the completion of all actions by September 2015.

64 STRATEGIC RISKS

Consideration was given to a report which presented Members with the strategic risks facing the Council as at December 2014.

The Member Champion for risk expressed concern that Strategic Risks were not been taken seriously across the Council, as all of the review dates contained within the document had expired. Officers undertook to ensure more up to date information was presented in the future, and gave their assurance that Strategic Risks were reviewed by CLT on a monthly basis.

Members challenged whether the leadership restructure was completed, as suggested within the report, and offered comments of concern on the way in which this had been delivered and the lack of information which had been provided to Members.

The Director of Resources indicated that the external recruitment process would commence later in the month and it was hoped that all positions would have been recruited to by June / July 2015. A Briefing had been offered to all Members previously.

RESOLVED that having reviewed the Strategic risks, they be noted.

Note: Mr Peter Walton and Mrs Alison Adams withdrew from the Chamber prior to consideration of the following item of business.

65 DISCUSSION ITEM - CO-OPTED MEMBERS OF THE GOVERNANCE AND AUDIT COMMITTEE

Members were asked to give consideration to the following areas in respect of the future of co-opted Members on the Committee: -

1. The number of Co-opted Members
2. The terms of office for each
3. The recruitment process for co-opted Members
4. Remuneration

Discussion ensued during which the following views and comments were noted: -

In respect of 1: The Committee were of the view that the number should be increased and suggested 3 in total.

In respect of 2: The Committee were of the view that the term of office for each should be 4 years but that these should be staggered. ie not all expiring on the same date. A number of suggestions as to how this could be achieved were made. It was also suggested the current co-opted Members be retained for a suggested two year period initially and an additional Member be recruited from May 15.

In respect of 3: The recruitment process remain that which had previously been adopted. Namely, external advert followed by an interview with the Monitoring Officer and Chair of Governance and Audit Committee.

In respect of 4: The remuneration level be reconsidered, either by the remuneration panel or another appropriate body / officer.

There was also a general discussion regarding the size of the Committee in the future. All were of the view that this should be reduced if possible, be non-political and if necessary have political balance rules suspended to achieve such.

RESOLVED that the views expressed above be taken into consideration when recruiting in May 2015.

Note: Mr Peter Walton and Mrs Alison Adams returned to the Chamber.

66 WORK PLAN (GA.34 14/15)

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

Internal Audit indicated that they may be in a position to bring their Internal Audit Plan to the February Meeting as opposed to April.

Officers undertook to add the highlight report referred to at Minute 62 to the workplan also.

RESOLVED that the work plan as at 30 December 2014 be noted and amended as detailed above.

67 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.

Note: Councillor Ken Bridger declared a pecuniary interest in the following item of business, as a Member of Market Rasen Town Council, who also had a contract with the Company. Councillor Bridger withdrew from the Chamber prior to consideration of the item and did not return.

Councillor David Dobbie declared a non-pecuniary interest in the following item of business as Member of Gainsborough Town Council

Councillor Ian Fleetwood declared a non-pecuniary interest in the following item of business as a domestic customer of Quickline.

68 QUICKLINE BUSINESS PLAN / PAYMENTS – MONITORING REPORT (GA.44 14/15)

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 with only one area of concern. The reasons for this were outlined to Members, but assurance was offered that this matter was monitored on monthly basis by CLT.

Enquires were made as to why the Gainsborough Mast proposal had been removed. Officers indicated that specifying locations within the agreement had become restricting thus there was a view that coverage of the District, as opposed to locations of masts must be the main driver and thus, the amendment had been agreed.

The Committee indicated it would useful if they could be advised as more areas “came on-line” in order that they could notify their communities.

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 9.35 pm.

Chairman