



WEST LINDSEY DISTRICT COUNCIL

MINUTES of a Meeting of the Governance and Audit Committee held in the Council Chamber at the Guildhall, Gainsborough on Tuesday 23 June 2015, commencing at 7.00pm.

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

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

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

In Attendance:

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

Also Present: Councillor Reg Shore

Also In Attendance

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|----------------|---------------------------------------|
| Lucy Pledge | Internal Auditor – Lincolnshire Audit |
| Lisa Mackenzie | Internal Auditor – Lincolnshire |
| Tony Crawley | External Auditor – KPMG. |

Apologies: None received for the meeting.

The Chairman welcomed all present to the first meeting of the new civic year.

6 PUBLIC PARTICIPATION

There was no public participation.

7 TO VARY THE ORDER OF THE AGENDA

In light of the visiting Member’s interest in agenda item 7 (a) – Discussion Item – Consultation on the County Council Boundary Review it was:

RESOLVED that agenda item 7 (a) be the first item of business considered, following which business be conducted in line with the agenda.

8 DISCUSSION ITEM – CONSULTATION ON THE COUNTY COUNCIL BOUNDARY REVIEW (GA.12 15/16)

On 12th May 2015 the Local Government Boundary Commission for England wrote to West Lindsey District Council asking for engagement in the consultation process. The Committee gave consideration to a report which allowed Members to discuss the County Council Boundary Review, with a view to forming a consultation response on behalf of the Committee. Consideration was given to: -

- The suggested number of Councillors, this being 71;
- The proposed number of divisions;
- The boundaries of the proposed divisions; and
- Ensuring the new arrangements were appropriate to represent our communities.

Lengthy and detailed discussion ensued with the general view of the Committee being: -

- That County Council Boundaries should reflect the District Ward boundaries;
- The district should still have 10 members as is the current situation
- There should be around 8000 electors per ward
- Rural and urban areas are very different and therefore should be kept separate wherever possible.
- Future Development Proposals and their effect on the future population to be given consideration alongside the sparsity of the area.

On that basis it was:

RESOLVED that:

- (a) the Director of Resources, in consultation with the Chairman of the Committee, formulate a consultation response on behalf of the Committee, based on the comments made throughout the course of the debate and summarised above for submission to the Boundary Commission prior to 21 July 2015; and
- (b) all Members of the Committee be provided with a copy of the consultation response.

Note: Some Members indicated they would welcome a workshop on this topic following 21 July.

9 MINUTES

- (a) Meeting of the Governance and Audit Committee held on 9 April 2015 (GA.01 15/16)

RESOLVED that the Minutes of the meeting of the Governance and Audit Committee held on 9 April 2015 be approved and signed as a correct record.

- (b) Meeting of the Governance and Audit Committee held on 21 May 2015 (GA.02 15/16)

RESOLVED that the Minutes of the meeting of the Governance and Audit Committee held on 21 May 2015 be approved and signed as a correct record.

10 MEMBERS' DECLARATIONS OF INTEREST

There were no declarations of interest made.

11 MATTERS ARISING SCHEDULE SETTING OUT CURRENT POSITION OF PREVIOUSLY AGREED ACTIONS AS AT 15 JUNE 2015 (GA.03 15/16)

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 15 June 2015.

RESOLVED that progress on the Matters Arising Schedule as set out in report GA.03 15/16, be received and noted.

12 INTERNAL AUDIT ANNUAL REPORT AND HEAD OF AUDIT OPINION (GA.04 15/16)

Members gave consideration to a report which provided the Head of Internal Audit's opinion on the adequacy of the Council's control environment and the delivery of the plan for 2014/15 as approved by the Committee in April 2014.

The purpose of the annual report was to present a summary of the audit work undertaken over the past year. In particular it:-

- Included an opinion on the overall adequacy of and effectiveness of the governance framework and internal control system and the extent to which the Council relied on it;
- Informed how the plan was discharged and the overall outcomes of the work undertaken;
- Drew attention to any issues particularly relevant to the Annual Governance Statement (AGS).

Officers presented the report in detail and in doing so, outlined the key messages contained on page 1 of the annual report. Explanation was offered as to why the direction of travel relating to risk had changed and those areas recommended for

inclusion in the AGS, together with reasoning were outlined, these being Contract Management and Planning, outlined on page 3 of the report.

Referring to page 5 of the report, Auditors outlined the reasons as to why some of the indicators had not been achieved. It was noted the way in which work was to be scheduled had been changed and would overcome this in the future.

In responding to Members' questions it was confirmed that outstanding issues would be picked up through the AGS.

Debate ensued and the Committee sought further details of the concerns relating to planning and the reasoning why progress to date was deemed slow, as referred to on page 3 of the report. In responding, Officers advised that in hindsight the timing of the audit had not been helpful due to the work having commenced during a restructure. It had therefore been agreed that senior Officers would form an improvement plan for review by internal audit. An interim Manager had been in post and his priority had been to stabilise the team following a period of significant change. The department had seen a significant increase in income and this was a result of a significantly increased workload which had affected capacity. Priority had therefore been given to the workload. The review of the improvement plan had now been concluded, the results of which would be reported to the Committee at a future meeting. It was noted that the second planned audit may not now commence as previously planned in September, but it was confirmed this would take place within the year. The possibility of a peer review in this area was being given consideration.

Referring to Appendix 1, in particular outstanding actions relating to the Investment decisions audit, Committee sought details as to the nature and status of the two outstanding recommendations.

In response, it was noted one related to assessing social value, which it was accepted was a complex area with no recognised used model. The nature of the second was outlined and was now completed.

A general discussion ensued regarding outstanding audit recommendations and Officers reiterated comments expressed previously, advising of the work which was being undertaken to review outstanding recommendations to ascertain whether they were still relevant, achievable and timely. It was disputed as to whether some were actually outstanding but rather unrealistic timescales had been determined at the outset. A number of examples were cited and it was stressed that where actions relied on inter-departmental work, it was important to ensure that all parties involved in completing the action were consulted at the outset regarding timelines, in order that work plans were consistently aligned. This had not always been case historically.

RESOLVED that:

- (a) the contents of the report be received and noted: and
- (b) the Annual Report be further considered when scrutinising the Annual Governance Statement.

13 INTERNAL AUDIT PLAN 14/15 PROGRESS REPORT AND 2015/16 INTERNAL AUDIT SCHEDULE (GA.05 15/16)

Consideration was given to a report which gave Members an update of progress by the Audit partner, against the 2014/15 annual programme agreed by the Committee in March 2014.

Debate ensued and the Committee as a whole expressed concern at the outcome of the audit into contract management. Further concern was expressed that the follow up audit was not planned until February 2016 and there was a view that the Committee should be receiving an update on this matter much sooner.

In response to Members' questions, Officers confirmed there had been no comprehensive contract list managed in a central place, some had been held managers, some had not been deemed contracts, and examples were cited. However the introduction of the Firefly system had gone some way to rectify this although it was acknowledged further developments were required. Timescales associated with improvement and re-audit were clarified. The target date for all actions to be completed was March 2016. However there were a number of short, medium and long term actions to be addressed and work was currently on-going. A full action Plan would be in place by September.

The Committee sought and received assurance from Officers that the Authority was not at risk. It was noted that three of the recommendations directly related to the system and officers were currently working with the developers to address these.

Members indicated they needed further reassurance prior to February 2016 and therefore requested that a more detailed report outlining the findings of the contract management audit and the detailed management response be submitted to their September meeting. Furthermore, attendance by the Chief Operating Officer at that meeting was requested.

RESOLVED that:

- (a) a further detailed report regarding contract management be submitted to the Committee at its September meeting; and
- (b) the Chief Operating Officer be requested to attend the September meeting.

14 CENTRAL LINCOLNSHIRE LOCAL PLAN 2ND HIGHLIGHT REPORT (GA.06 15/16)

Consideration was given to a report which outlined the findings of a recent audit into the Central Lincolnshire Local Plan.

Regarding Action Plan Item 2 , the Vice Chairman indicated she would like to know what provision was being made for the deaf and hard of hearing. Internal Audit undertook to seek further information and provide a response outside of the meeting.

It was noted that an amendment was required to the assurance definition for “major improvement needed”.

RESOLVED that having noted the contents of the report, the Committee have assurance that the actions identified will address the issues set out in the action plan.

15 EFFECTIVENESS OF INTERNAL AUDIT (GA.07 15/16)

Consideration was given to a report which reviewed the effectiveness of the internal audit service provided by Audit Lincolnshire.

Members thanked Lincolnshire Audit for the services they provided.

RESOLVED that the report and its conclusion set out in section 5 be accepted.

16 AGS 13/14 ACTION PLAN - MONITORING REPORT (GA.08 15/16)

Members gave consideration to a report which reviewed the progress made with the Annual Governance Statement 2013/14 Action Plan.

It was suggested that as actions were completed they should be removed from the action plan.

RESOLVED that:

- (a) having reviewed the contents of the report, the Committee have assurance that the current position of the Annual Governance Statement Action Plan for 2013/14, will result in the completion of all relevant actions by September 2015.
- (b) the action relating to the Local Plans Team be rolled forward due to its anticipated completion date of December 2016.

17 DRAFT AGS 2014/15 (GA.09 15/16)

Consideration was given to a report which presented the draft Annual Governance Statement for 2014/15 and Members’ feedback thereon was sought prior to the final version being submitted for approval in September.

Discussion ensued and Members’ direction was sought as to whether they wished to see Planning (referred to by the Internal Auditor in her Annual Report – minute 12 relates) included within the list of significant issues identified, as detailed on page 5 of the Statement. It had not been included currently and the reasons for this were outlined.

The internal auditor addressed the Committee and re-iterated the purpose of the AGS, this being a public facing statement, as such she recommended that it should be included. The external auditor advised that upon recommendation from internal audit he would expect that reference would be included to Planning. The Committee were therefore in agreement that they wished to see it referenced in the final document.

The Vice-Chairman also indicated she would like the current sections relating to contract management and planning re-wording to more strongly reflect the current position.

RESOLVED that Members' feedback, as detailed above, be incorporated into the final version of the Annual Governance Statement in advance of it being submitted to the Committee for approval at its September meeting.

18 UN-AUDITED STATEMENT OF ACCOUNTS (GA.10 15/16)

Members received the Statement of Accounts for noting prior to submission to the Auditor on 30 June 2015.

Members were reminded of their right to raise any queries with Officers and of the right to approach the External Auditor.

It was noted that full training would be provided to the Committee in advance of them receiving the Statement of Accounts for approval.

RESOLVED that the report be noted at this stage.

19 PROPOSED AMENDMENTS TO THE CONSTITUTION (GA.11 15/16)

Consideration was given to a report which advised of proposed amendments to the Constitution particularly in relation to budget management by the Prosperous Communities Committee.

RESOLVED that the proposed amendments to the Constitution as set out in section 2.1 (a) and (b) of report GA.11 15/16 be supported and **RECOMMENDED** to full Council for adoption with immediate effect.

20 WORK PLAN (GA.13 15/16)

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

RESOLVED that the work plan as at 15 June 2015 be noted subject to the requested report regarding contract management being included to September's meeting.

The meeting concluded at 8.52 pm.

Chairman