

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall, Marshall's Yard, Gainsborough, DN21 2NA on 14 March 2017 commencing at 2.00 pm.

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

Councillor Sheila Bibb
Councillor David Bond
Councillor Mrs Angela White
Councillor John McNeill
Alison Adams
Andrew Morriss

In Attendance:

Ian Knowles	Director of Resources and S151 Officer
Mark Sturgess	Chief Operating Officer
James O'Shaughnessy	Interim Strategic Lead - Transformation
Oliver Fytche Taylor	Planning Services Team Manager
Katie Coughlan	Governance and Civic Officer
Jana Randle	Governance and Civic Officer

Also Present Councillor Chris Darcel
1 member of the public

Apologies: Peter Walton

Also in attendance:

John Cornett	KPMG – External Auditors
Mike Norman	KPMG – External Auditors
Lucy Pledge	Head of Internal Audit – Lincolnshire County Council
Matthew Waller	Internal Audit – Lincolnshire County Council

69 PUBLIC PARTICIPATION

There was no public participation.

70 MINUTES OF PREVIOUS MEETING

Meeting of the Governance and Audit Committee held on 17 January 2017

RESOLVED that the Minutes of the meeting of the Governance and Audit Committee held on 17 January 2017 be approved and signed as a correct record.

71 DECLARATIONS OF INTEREST

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

72 MATTERS ARISING SCHEDULE

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 6 March 2017.

With regard to the green action entitled “length/style of committee papers”, which had been re-instated at the request of Members at their meeting on 17 January 2017, Officers confirmed that a meeting had now been scheduled for 18 April 2017.

RESOLVED that progress on the Matters Arising Schedule as set out in report GA.50 16/17 be received and noted.

73 EXTERNAL AUDIT PLAN 16/17

Consideration was given to a report from the Authority's Auditor KPMG. The report explained the process of the external audit of the Statement of Accounts and the approach to the Value for Money audit 2016/17.

The main areas of audit focus would be;

- Materiality would be set at £850k (our approved materiality is £750K)
- Significant risk – Pensions Liability (per triennial review)
- Reporting formats (due to CIPFA Guidance changes)
- Disclosures of the Councils companies
- Provision for Business Rates appeals

Following conclusion of the work, the Auditor would ultimately give his opinion on whether the Statement of Accounts was compliant with statutory requirements; that they had been prepared in accordance with proper accounting practices; and that adequate arrangements were in place to achieve Value for Money in the use of resources.

The audit would take a risk based approach, which would be reassessed throughout the process.

In presenting the report the External Auditor offered assurance that the significant risk identified in relation to the Financial Statement Audit, namely changes in the pension liability due to LGPS Triennial Valuation, was a nationwide risk identified for all local authorities. Similarly, the specific area for focus identified in relation to the Value for Money Arrangements works, was again something which had been identified as focus for all local authorities.

In response to questions, the External Auditor outlined the checks and balances which were in place to ensure that data transferred between authorities in relation to pensions was

accurate and complete.

Referring to the pending arrangements for the review of “Whole of Government Accounts” referred to on page 10 of the report the Auditor confirmed that no further details had been released to date.

Regarding setting materiality levels, the External Auditor confirmed that there was no prescribed formula for doing such. Materiality levels were based upon a professional judgement, taking into account risk factors. The Authority was considered low risk in this regard.

RESOLVED that the information contained within report GA.51 16/17 be received and noted.

74 DRAFT INTERNAL AUDIT PLAN 2017/18

Consideration was given to a report which presented to Members the draft Annual Internal Audit plan based on assurance mapping and risk assessments across the Council’s critical services.

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, and the areas which were not to be subject to Audit in the Plan were set in Appendix C.

Debate ensued and Members sought indication as to why Development Management was deemed “red”. In responding, the Head of Internal Audit outlined to the Committee the Methodology against which services / activities were assessed, those scoring 12 -15 were deemed high risk thus “red”.

Concern was raised regarding a number of areas in Appendix C particularly those rated “red/red” “red/amber” and reasoning was sought as to why these had not been included. By way of assurance it was noted that a number of these areas were already subject to other reviews and an audit at the current time would not be useful. The Plan had been set on a risk based approach and the risk appetite had been set out in the Risk Strategy agreed by Committee.

In light of the Committee concerns the Chairman requested all items categorised as “red / red” or “red/ amber” in Appendix C of the report be further considered at future Chairman briefing meetings. Officers also undertook to provide rationale relating to each of those Auditable areas listed in Appendix C to Chairman’s Briefing.

With regard to emerging risks and concern regarding the Regulatory Services – Survey the Head of Internal Audit advised that 15 days had been allowed for emerging risks, internal audit had suggested a number of areas where these unallocated days should be focussed, as detailed on page 9 of the report. Members indicated they concurred with the areas suggested.

The rationale for reviewing sales invoicing was further explained and it was noted that key staff were being offered training around commerciality. Members requested that some level of commercial awareness training be built into the Member Training Plan in the future.

In light of the comments expressed during the debate it was: -

RESOLVED that:

- (a) the contents of the report be noted and agreed and assurance be taken that the Plan provides robust coverage of the Council's critical areas and services;
- (b) the Governance Corporate Leadership Team be requested to keep under review the following emerging risks as a priority: -
 - Managers Stress Survey
 - Property and Assets – corporate landlord, resources and future provision of the service
 - Resource to deliver Property Growth and Commercial agenda

As detailed on page 9 of the report;

- (c) All items categorised as “red / red” or “red/ amber” in Appendix C of the report be further considered at future Chairman briefing meetings, these are:
 - Safeguarding
 - Community Safety ASB
 - Regulatory Services Survey
 - Economic Development
 - Property and Estate Management
 - Housing Property Commercial
 - Finance

Relevant Officers be invited to attend as considered appropriate; and

- (d) Further rationale relating to each of those Auditable areas listed in Appendix C of the report also be submitted to a future Chair's briefing.

75 INTERNAL AUDIT CHARTER

One of the key roles of the Governance and Audit Committee is to ensure that the Council has effective audit arrangements in place. The Internal Audit Charter was a key policy document in support of the audit arrangements and the report presented the Committee with

a revised Charter. The Charter had been revised to take into account the recently updated UK Public Sector Internal Audit Standards and Accounts and Audit Regulations 2015.

RESOLVED that:

- (a) the revised Internal Audit Charter be approved; and
- (b) it be acknowledged that the Charter enables the Authority to have assurance in the quality and effectiveness of the Council's Internal Audit Service Provider – Assurance Lincolnshire.

76 COMBINED ASSURANCE REPORT

Consideration was given to a report which presented the Council's Combined Assurance Report for 2016/17.

The purpose of the Combined Assurance Report was to produce a record of assurances against the Council's critical activities and risks. It provided an overview of assurance across the Council making it possible to identify where assurances were present, 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 findings showed an apparent reduction in the overall assessment of elements categorised as green (55%) in comparison to last year's report (79%) and an increase in areas categorised as amber and red. This was due to a change in the methodology used, resulting in the inclusion in this year's report of the emerging risks within services and the strategic risk register.

Applying the previous methodology overall assurance status broke down as follows: 81% green; 19% amber, this compared to last years' findings of 79% red and 21% amber.

Those transactional activities categorised as 'amber' included Gainsborough Markets, Traded Services, Tourism and Car Parks. These areas were all the subject of current reviews and focus and action plans were in place. The remaining areas classified as 'amber' were detailed in section 2.7 of the report together with explanations for their respective assessment.

The findings of the report would be used to inform Internal Audit's work plan for 2017/18 and the Council's Annual Governance Statement for 2016/17.

Members asked a number of questions regarding the emerging risks which had been identified but acknowledged the importance of not micro managing operational duties.

RESOLVED that having reviewed the content of the Combined Assurance Report for 2016/17, its content be approved.

77 REVIEW OF PLANNING PROTOCOLS AND DELEGATIONS

Consideration was given to a report which set out proposed revisions to the current protocols and Scheme of Delegation relating to the operation of the Planning Committee, for subsequent approval by Full Council.

This work had been undertaken following a formal request by the Governance and Audit Committee at their meeting on 17 January 2017 and a commitment given at Annual Council in May 2016. Members of both the Governance and Audit Committee and the Planning Committee had been engaged via a workshop.

The purpose of the workshop had been to explore the current arrangements and to discuss where potential amendments were needed, to either;

- a) capture any working practises that were not currently set out within either the Council's Constitution or within existing Protocols, and;
- b) identify any parts of the Constitution or Protocols that needed to be reviewed to bring them up-to-date since the last comprehensive review was undertaken in 2011.

A Summary of proposed changes to the 'Local Code of Conduct for Councillors and Office dealing with Planning Matters' protocol was detailed in Table 1 (Section 3.3 of the report).

A summary of the recommended additions to the guidance 'Public Participation at Plannir Committee Meetings' was detailed in Table 2 (Section 4.5 of the report)

The report also recommended a Constitutional Amendment to the Scheme of Delegation, reflect the introduction of Neighbourhood Plans (at either an official draft stage or "made" as consideration.

Debate ensued and in response to a question from the Visiting Member, it was confirmed that paragraph 6.5 of the Local Code of Conduct for Councillors and Officers dealing with Planning Matters, did not refer or relate to Neighbourhood Plans.

Regarding public participation dual hatters, would not be permitted additional time and would need to make the capacity in which they were attending clear at registration.

The External Auditor suggested that any references to the Audit Commission within the document should be amended in light of the organisation's demise.

On that basis it was

RESOLVED to RECOMMEND TO COUNCIL that the updates and revisions to the protocols for operation of the Planning Committee (including revisions to the delegation arrangements set out in the Constitution) set out in in report GA.55 16/17 be approved, including:

- 1) The two additions to the Local 'Code of Conduct' Protocol, set out in paragraph 3.3 of the report, to add clarity to the role of Members in certain planning appeals and to reflect Member involvement in pre-

application advice.

- 2) The five recommended additions to the 'Public participation at Planning Committee Meetings' protocol, as set out in paragraph 4.5 of the report. These propose setting a maximum time limit for all speakers at Planning Committee of five minutes, a requirement for all speakers to follow the same process for registering in advance to speak, and to make clear in what capacity a visiting member is speaking (Parish Councillor (or on behalf of the Parish Council), Ward Member or County Councillor).
- 3) The proposed addition to the Council's Constitution to take account of any conflicts with draft and made (adopted) Neighbourhood Plans in determining planning applications, as set out at paragraph 3.7 of the report.

78 WORK PLAN

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

RESOLVED that the work plan as at 6 March 2017 be noted.

The meeting concluded at 3.10 pm.

Chairman