

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in The Council Chamber - The Guildhall on 15 January 2019 commencing at 2.00 pm.

Present:

Councillor Giles McNeill (Chairman)
Councillor Mrs Jackie Brockway (Vice-Chairman)
Councillor Mrs Sheila Bibb
Councillor David Bond (up to and including item 50)
Councillor John McNeill
Councillor Mrs Angela White
Alison Adams
Andrew Morriss

In Attendance:

Ian Knowles	Executive Director of Resources and S151 Officer
Alan Robinson	Strategic Lead Governance and People/Monitoring Officer
Tracey Bircumshaw	Strategic Finance and Business Support Manager
Caroline Capon	Corporate Finance Team Leader
James O'Shaughnessy	Corporate Policy Manager & Deputy Monitoring Officer
Megan Rose	Internal Audit
John Sketchley	Internal Audit
James Welbourn	Democratic and Civic Officer

Also in attendance: Councillor Paul Howitt-Cowan was also in attendance

42 PUBLIC PARTICIPATION PERIOD

There was no public participation.

43 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 6 November 2018 were approved as a correct record and signed by the Chairman.

44 MEMBERS DECLARATIONS OF INTEREST

Councillors Bond and White declared an interest in item 50 as they were Members of the Challenge and Improvement Committee. However, they were informed that this wasn't an interest and they wouldn't be precluded from taking part or voting on this item.

45 MATTERS ARISING SCHEDULE

The matters arising schedule was noted.

46 CERTIFICATION OF GRANTS AND CLAIMS ANNUAL REPORT

Members considered a report on the Annual Claims and Returns report from the KPMG, the previous external auditors.

The Finance and Business Support Manager outlined that the only grant and return was the housing benefit subsidy claim totalling £22 million – this was certified in December and there were no significant issues identified. The report detailed a good outcome for West Lindsey District Council (WLDC), as a relatively small number of Councils achieve unqualified subsidy audits.

RESOLVED to accept the contents of the report.

47 DRAFT TREASURY MANAGEMENT STRATEGY AND MINIMUM REVENUE PROVISION (MRP) POLICY

Members considered a report on the Treasury Management Strategy, prudential indicators, the Minimum Revenue Provision Policy (MRP) and the capital investment strategy.

The strategy incorporated the latest guidance from the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Ministry of Housing Communities and Local Government (MCHLG). Included in the Treasury Management Strategy were the borrowing strategy, the annual investment strategy, the MRP policy, and the capital investment strategy.

Draft prudential indicators were calculated in November 2018 and would therefore be updated for the final version of this strategy.

Attention was drawn to the non-treasury investments, including the policy in relation to investment in commercial property.

Following this introduction, Members of the committee highlighted the following points:

- There were no significant changes to the report that was presented at the same time last year. Whilst legislation and MCHLG guidance changed in February 2018, this was pre-empted by the Finance department and a strategy was formulated;
- In 2019/20 the following schemes were anticipated to have an impact on the capital expenditure:
 - Dry leisure facility at Market Rasen;
 - Development partnership;
 - Gainsborough Crematorium.

RESOLVED to:

- (1) Recommend the Treasury Management Strategy, Prudential Indicators and Minimum Revenue Provision Policy 2019/20 to Full Council;
- (2) Note the Capital Investment Strategy in conjunction with the Treasury Management Strategy.

48 INTERNAL AUDIT DRAFT ANNUAL PLAN REPORT 2019/20

Members considered a report on the draft annual internal audit plan, which was based on assurance mapping and risk assessments across the Council's critical services.

It had been decided not to change the daily rate that was charged to the Council – based on the 190 days of work, the total came to just over £53,000.

The Audit Team Leader then highlighted specific areas within the report:

- Four 'themed' areas of work were identified by the Audit team and senior management at West Lindsey District Council (WLDC), namely:
 - Delivery of the Corporate Plan;
 - Project Management;
 - Vulnerable Communities;
 - IT

The total number of days allocated for this themed work was 90.

- Within the report at Appendix A were areas or activities identified as having a risk level of 'amber' or 'red', which were not in the proposed plan. They required noting, but were not currently being covered by the Audit team this year;

Following this introduction, further comment was provided by Members and officers:

- There had been two audits over the previous year; the 'economic growth area' and 'Customer First'. Both had been given a 'substantial' rating;
- Avoiding complacency as officers and as a committee would lead to larger areas of work being covered – this was an approach that the audit team had agreed with;
- Homeless Prevention was listed in Appendix A as a holding plan audit due to the new IT system that they had implemented; it was important to the delivery of the homeless prevention programme. The new IT system had only been installed over the summer of 2018, but was working well currently;
- Street cleaning was a small service run within Operational Services, and it was not of value for it to be audited at this time;
- There was significant activity ongoing with local markets, and it would not be appropriate to have the existing approach audited;
- The action on Health and Wellbeing was specifically related to the Lincolnshire County Council (LCC) contract, which had been running for approximately one year. This action was likely to retain an amber level; however there were no concerns raised regarding this;
- Planning enforcement had had significant scrutiny over the previous 18 months; the

new structure was being given time to acclimatise.

Food safety was similar to Planning Enforcement as it had the same manager and a relatively new structure. These two topics would be revisited following their ongoing audit;

- Concerns over Planning Enforcement were picked up as part of the Progress and Delivery report that was seen at Challenge and Improvement, Prosperous Communities and Corporate Policy and Resources Committees.

RESOLVED to note and agree the contents of the report. The committee were assured that the plan provided robust coverage of the Council's critical areas and services.

49 INTERNAL AUDIT QUARTER 3 MONITORING

Members considered a report on the progress from Internal Audit from quarter 3 of 2018/19.

The Audit Team Leader informed committee that four audits had been completed during this period. Two of these were final assurance reports (Growth Programmes and the Sales and Invoicing Follow Up), with the other two audits being consultancy work (Leisure Consultancy Review and the Good Governance Review).

There were a number of audits in progress; the Customer First audit was currently at a draft stage.

There were no outstanding audit actions.

Members were positive about the 'substantial' assurance given to the Growth Programmes. They were also given assurance that the work done as part of the leisure contract was robust; however it was noted that they wanted to read the full consultancy report on this subject to see if there were any lessons to be learnt.

RESOLVED to note the report.

50 SCRUTINY REVIEW

Members considered a report on the future direction of the Challenge and Improvement Committee.

The Chairman introduced the item, reminding Members that a review of the committee had been in the workplan and the Annual Governance Statement Action Plan 2017/18, culminating in the recommendations before the committee.

The following points were highlighted as a result of discussions between Members and officers:

- Some Councillors were 'dual-hatters', i.e. a member of a policy committee and the Challenge and Improvement Committee. The removal of these 'dual-hatters' could be beneficial as it would be difficult to scrutinise a decision made at a policy committee if

a Member also sat on the Challenge and Improvement Committee;

- Option 2 in the report, to have a limited review of the terms of reference, would allow the most scope to refresh the way in which the committee functioned;
- The scrutiny function was useful and helped the Council by making decision making much more robust;
- Members expressed concern on cover for the committee if certain restrictions were placed on its membership;
- The number of Vice-Chairmen for the committee was not something that was within the scope of the report;
- Governance and Audit committee utilised independent Members; it would be useful to research whether this was something for the Challenge and Improvement Committee to consider for their own membership;
- There was support for removing the requirement in the Constitution for 8 meetings per year, as well as changing the name to Overview and Scrutiny Committee;
- The issue of the committee having ‘teeth’ was raised, and would be something for a future scrutiny committee to consider following the election May 2019. If the scrutiny committee required clarifications on information within reports going to the policy committees, then they could make recommendations in their direction;

In summing up, both the Chairman of Governance and Audit Committee and the Chairman of the Challenge and Improvement Committee (who was in attendance) indicated support for option 2 in the report, recommending limited change to the terms of reference. The following issues were singled out as being particularly favourable:

- Meeting dates should have the option of being more flexible;
- The name change would be something that was simple but effective;
- A change in the criteria for membership, which could in turn lead to a smaller committee;

The Chairman also highlighted two Association for Public Service Excellence (APSE) reports on scrutiny produced in the previous year which were very useful for reference.

RESOLVED to make limited changes to the functions and rules of procedure for the Challenge and Improvement Committee and review the terms of reference, and include a change in criteria for membership.

Note: Following the conclusion of this item, Councillor David Bond left the Chamber and did not return.

51 PERIODIC REVIEW OF THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2017/18

Members considered a report reviewing progress against the Annual Governance Statement Action Plan for 2017/18.

At this stage of the year, no issues were anticipated; the main detail was within Appendix 1 of the report.

The Corporate Plan was in development, and it was hoped it would be ready for Full Council in March. The remaining work on outstanding actions was in progress and would move forward once different audits across the organisation had taken place. The Payment Card Industry Security Standards Council (PCIDSS) audit was highlighted for Members.

Due to decision taken earlier on in the committee on the review of scrutiny, the information on this topic in the appendix would now change.

RESOLVED to be assured that the current position of the Annual Governance Statement Action Plan for 2017/18 would result in the completion of all relevant actions by July 2019.

52 REVIEW OF STRATEGIC RISKS (JANUARY 2019)

Members considered a report on the strategic risks facing the Council as of January 2019; strategic risks were deemed to be those that relate to the Council's ability to deliver the Corporate Plan objectives.

The risk scoring risk matrix at part 4 of the report and again at Appendix 1 provided an overview of the risks to the Council. Anything rated as 'green' in the risk matrix would be dealt with under 'business as usual'.

The Management Team within WLDC consisting of senior managers regularly review strategic risks, and there had been recent activity across a number of risks with further strengthened mitigations against these risks. These would not normally be added to this report as it made the risk table long in length; however it did illustrate the amount of work that goes into mitigating risks.

The new Corporate Plan was in development; once adopted, work would commence to update the Council's risk strategy. Member and staff training was to be held; for Members, it would form part of the induction training, assisted by Assurance Lincolnshire.

There was a review of the format of the risk register. The current format harked back to a previous time when further assurance was needed. Work with one of the Independent Members would take place to design a format which provided similar levels of assurance.

The following points were highlighted by the committee and officers:

- The Corporate Policy Manager was thanked for his work on the report;
- It was recognised that the risks were being regularly reviewed, and now included items such as devolution;
- The items in the risk register were changeable, partly due to the risks within the

Council being maintained and looked at differently from two years ago. Despite the changes, there were many items in the register that would be reflected next time.

RESOLVED to:

- (1) Be assured that current controls and proposed actions were sufficiently robust;
- (2) Support and endorse the planned work in relation to risk management.

53 WORKPLAN

The workplan for the next 12 months was noted.

The meeting concluded at 3.31 pm.

Chairman