

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall on 12 March 2019 commencing at 2.00 pm.

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

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

In Attendance:

Ian Knowles	Executive Director of Resources and S151 Officer
Tracey Bircumshaw	Strategic Finance and Business Support Manager
Caroline Capon	Corporate Finance Team Leader
Michael Norman	Auditor Mazars
James O'Shaughnessy	Corporate Policy Manager & Deputy Monitoring Officer
Matthew Waller	Internal Audit
James Welbourn	Democratic and Civic Officer

Apologies: Councillor David Bond

54 PUBLIC PARTICIPATION PERIOD

There was no public participation.

55 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 15 January 2019 were approved as a correct record.

56 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interests at this point of the meeting.

57 MATTERS ARISING SCHEDULE

The item on benchmarking of agency workers and consultants was highlighted, and the Chairman volunteered to see if anything could be added by APSE.

Councillor John McNeill sought, and gained assurances that his comments given at Full

Council on 4 March had been taken into account.

The matters arising schedule was then noted.

58 PREVENTION OF FINANCIAL CRIME POLICY, ANTI-FRAUD AND CORRUPTION POLICY AND ANTI-BRIBERY POLICY 2019

Members considered a report on policies relating to financial crime. Anti-fraud, corruption and bribery.

The policies within the report were based on the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice of managing risk of fraud, and cover legislative responsibilities and the principles of public life as produced in the Nolan report.

The policies sought to define the element of fraud; this could be done through culture, understanding of risks and ensuring staff and Member awareness. The training on these issues would take place again after May.

West Lindsey District Council (WLDC) shared data around procedures with other agencies such as the Lincolnshire Fraud Partnership, and also participated in the National Fraud Initiative.

An additional section had been added around the Financial Crime Incident Plan.

Following comment from Members and officers, further information was provided:

- The Whistleblowing report provided on a yearly basis to Governance and Audit Committee could deal with any concerns individuals may have with the Liaison Officer for the police. The Monitoring Officer could deal with such complaints privately if the Executive Director of Resources was not able to.

Internal Audit conduct investigations in a confidential manner;

- Lower levels of gifts and hospitality were more subtle and could lead to pockets of influence;
- Third parties would be dealt with differently to WLDC; these policies centred on protecting WLDC from fraud, corruption and bribery;

Some housekeeping amendments were suggested for the policy, including more clarity on hospitality.

The Chairman moved a slight amendment to the recommendations which was seconded, and agreed. Therefore the amended recommendation read:

RESOLVED to approve the Prevention of Financial Crime Policy, the Anti-Fraud and Corruption Policy, and the Anti-Bribery Policy 2019, in line with discussions at committee.

59 INTERNAL AUDIT CHARTER

Members considered a report on the Internal Audit Charter; this was a policy document that sought to ensure that the Council had effective audit arrangements in place.

CIPFA had recently released new guidance for the Charter; the changes to the document that had resulted were very minimal, and largely contained under the page of this report that dealt with the 'Scope of Internal Audit' and 'Independence and Objectivity'.

Assurance Lincolnshire assured Members that work on fraud was covered by them, and in fact was considered in everything they did.

RESOLVED to:

- (1) Approve the Internal Audit Charter;
- (2) Note the quality and effectiveness of the Council's Internal Audit Service Provider, Assurance Lincolnshire.

60 COMBINED ASSURANCE REPORT 2018/19

Members considered the Combined Assurance Report for 2018/19.

120 different activities across the Council had been assessed. These assessments had been conducted by Assurance Lincolnshire talking to service managers. The findings were largely positive, with the remaining risks being amber or red.

One of the red activities was markets, and the other was resourcing for the Council Tax team. The Council Tax team were trying to strike a balance between resource and demand.

All of the amber activities were known to Management Team, and plans and steps to address these were already in place. Four areas of focus were identified:

1. A review of strategic risks;
2. Peer review held by Management Team early in 2020;
3. Work on the findings of the governance review;
4. A thorough induction for Members in terms of training and development.

The above may, or may not form part of the Annual Governance Statement Action Plan, as that was for significant issues.

The overall findings of this report led to a conclusion that the governance framework was operating effectively.

Following discussions between Members and officers, further information was provided:

- The street cleaning service had a paid for element in addition to its standard offering; this paid for element had seen a drop in demand;

- The problem on homeless prevention related to a new system that had been implemented and wasn't initially able to provide detailed level of information. This problem had now been rectified;
- There was a dedicated Domestic Abuse Officer; however this role fell under the umbrella of safeguarding;
- The work of Assurance Lincolnshire was useful as it was objective and impartial. Also key to learning was annual service and business planning. Any areas for improvement would be seen through the Progress and Delivery quarterly reports;
- An example of trying to address issues outside of the reports process would be the additional resource allocated to the Planning Enforcement Team;
- A more in depth list of staff members and their roles should be available to all Members, possibly through the Members' Newsletter;
- It was a known issue that communications needed to be improved in planning enforcement;
- There was an appreciation of emerging risks at Team Manager level; each service area had its own emerging risks. If these risks escalated then they would be brought to the attention of Management Team.

The risk strategy would be refreshed later in the year.

RESOLVED to approve the report and be assured that the findings illustrate that the Council's governance framework was operating effectively.

61 ACCOUNTS CLOSEDOWN 2018/19- ACCOUNTING MATTERS

Members considered a report on accounting policies, actuary assumptions and materiality levels in preparation of the 2018/19 accounts. Also included was an explanation of the External Audit from the External Auditor, and the approach to the Value for Money audit 2018/19.

There was a new accounting standard for 2018/19, called IFRS 9 financial instruments. This would have an impact on how the Council accounts for, and classifies its financial investments. It could also have an impact on the general fund. There was a statutory override in place for the next 5 years to mitigate this, and enable the Council to review its investment decisions in the future.

The External Auditor highlighted the following points for their section of the report:

- The areas of responsibility were the same as the previous audit regime, and were set by the National Audit Office (NAO). These were:
 - Audit opinion;
 - Reporting to the NAO;

- Value for money;
- Electors' rights;
- Main outputs from the external audit were the audit plan, the audit strategy memorandum, the audit completion report and the external audit report given in July to Committee;
- There were three significant risks around:
 - Management override and control; an inherent risk that external audit were obliged to take into account;
 - Plant property and equipment;
 - Defined benefit liability evaluation;

These were key because the figures were highly material, and were subject to a high degree of estimation and uncertainty;

- It was an auditing standard to consider the risks of revenue recognition. This was usually rebuttable as a risk as revenue streams were relatively static and predictable;
- The business rates provision was subject to estimation;
- The risk assessment on Value for Money (VfM) highlighted broad commercialisation activities underpinning governance arrangements, as well as themes related to the Minimum Revenue Provision (MRP);
- There were no other issues needing reporting under auditing standards. The audit fee was set by public sector audit appointments; currently there were no additional issues requiring a variation on this fee;

Following this introduction, Members gave their opinions on the report and asked questions of officers. Further information was provided:

- The accounts closedown should be completed by the end of March 2019, but April 2019 was the final deadline;
- The Finance department had budgeted for a 2% increase in inflation rates; this was not a material change to the valuation of the scheme;
- Information returned from an external valuation was compared to previous years. If the variation was significant, the valuers would be challenged;
- There was a mistake in the External Audit report; the 2017/18 fee and the 2018/19 fee in the report were in the wrong part of the table. The fee for core audit work in 2018/19 was £33,420k.

With the proviso that the change in audit fee was noted by Members present, it was:

RESOLVED:

- (1) To approve the proposed Accounting policies;
- (2) That the pension assumptions had been considered;
- (3) That the risk assessment had been considered;
- (4) To approve the proposed materiality levels and revisions;
- (5) That the key closedown dates had been considered;
- (6) To accept the main accounting changes for 2018/19 and onwards;
- (7) To note the External Audit information.

62 WORKPLAN

The workplan for the next 12 months was noted.

The meeting concluded at 3.13 pm.

Chairman