

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall on 21 January 2025 commencing at 1.00 pm.

Present: Councillor Stephen Bunney (Chairman)
Councillor David Dobbie (Vice-Chairman)
Councillor John Barrett
Councillor Mrs Jackie Brockway
Councillor Christopher Darcel
Councillor Mrs Angela Lawrence
Andrew Morriss

In Attendance:
Emma Foy Director of Corporate Services and Section 151
Peter Davy Financial Services Manager (Deputy Section 151 Officer)
Lisa Langdon Assistant Director People and Democratic (Monitoring Officer)
Katy Allen Corporate Governance Officer
Rob Barnett Head of Internal Audit
Rashpal Khangura Director, KPMG - External Auditor
Ele Snow Senior Democratic and Civic Officer
Natalie Smalley Democratic and Civic Officer

Apologies: Councillor Baptiste Velan
Alison Adams

108 PUBLIC PARTICIPATION PERIOD

There was no public participation.

109 MINUTES OF PREVIOUS MEETING

A concern was raised by a Member of the Committee regarding the language used in the 26 November 2024 Committee meeting minutes. It was reiterated by the Chairman that the primary question was whether the minutes were a correct and accurate record. However, Democratic Services were requested to examine the language used.

With no further comments or questions and having been moved, seconded and voted upon, it was

RESOLVED that the Minutes of the Meeting of the Governance and Audit Committee held on 26 November 2024 be confirmed and signed as a correct record.

110 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interest at this point in the meeting.

111 MATTERS ARISING SCHEDULE

With no comments or questions, the Matters Arising Schedule, setting out the position of previously agreed actions as at 13 January 2025, was **NOTED**.

112 Q3 STRATEGIC RISK REPORT

The Committee heard from the Monitoring Officer who introduced the report. It was explained that since the last report came to the November 2024 Committee, there had been two notable changes. A new score, it was highlighted, had been allocated to risk CO1; this new score was eight compared to the previous score of 12. The second change was that risk CO2 had been deleted.

The Section 151 Officer responded to a concern regarding the future structure of the Council; it was explained that central government had demonstrated a willingness to restructure more councils in England to ascribe to a unitary model. Currently, it was stated, the Council was waiting for further information and clarification over what would happen and when. The S151 Officer explained that upon receipt of further information, the Council would reexamine the potential risk any changes might pose to the delivery of the Council's Corporate Plan, and update the Strategic Risk Register accordingly.

The Chairman emphasised the future uncertainty involved in all levels of Lincolnshire local government; however, until more information became available, it was reiterated that the Council would continue to function as a district council.

Concern was raised by the Chairman regarding risk PL4, pertaining to climate change ambitions. The Chairman highlighted potential issues related to the delivery and maintenance of climate change policy in the wake of local government uncertainty, particular in reference to capital expenditure. The S151 Officer assured Members that the delivery of the Council's climate change ambitions was a key element of the Corporate Plan, alongside being a key focus of Members; the Committee were assured that these concerns would be raised with Management Team, with a response to be reported at 11 March 2025 Committee meeting.

With no further comments or questions, and having been moved, seconded and voted upon, it was unanimously

RESOLVED that the register had been reviewed with the existence of any additional risks of a strategic nature and the robustness of current controls and proposed actions considered.

113 ANNUAL GOVERNANCE STATEMENT

Members of the Committee heard from the S151 Officer, who introduced the report. It was explained that a legal requirement stated the Annual Governance Statement (AGS) must be published with the Audited Statement of Accounts. It was outlined that the AGS was an assessment and narrative of governance arrangements, and internal controls in place, in the period in which the statement of accounts pertained to. The S151 Officer highlighted the report had been presented to Committee twice prior to the current meeting, with various

amendments made in the process.

In response to a request from Members to summarise the latest changes to the report, the S151 Officer outlined that the 'Our People' and 'Our Place' sections had been updated to detail the Council's achievements, particularly in respect to additional properties in Market Rasen. It was noted that information related to the T24 programme had been updated, alongside updates to the Council's membership information. The S151 Officer continued, adding that governance risks had also been reviewed.

The Chairman highlighted the impact of incoming key changes to staffing, as well as the uncertainty of future local government changes, both of which would need to be examined in detail.

With no further comments or questions, and after having been moved, seconded and voted upon, it was unanimously

RESOLVED that having reviewed the updated Annual Governance Statement 2023-24, its inclusion in the 2023-24 Financial Statements be approved.

114 CONTRACT PROCEDURE RULES

Members of the Committee then heard from the S151 Officer, who introduced the Contract Procedure Rules report, and summarised its journey to full Council in January 2025. The S151 Officer provided an update on the Contract Procedure Rules, outlining the changes necessitated by the new Procurement Act, which had received Royal Assent in 2023. It was explained that the provisions of the Act came into effect on 28 October 2024, with implementation required by the end of February 2025. The S151 Officer confirmed that the changes required an update to the Council's Constitution, which needed to be recommended by the Governance and Audit Committee and approved by Council.

It was explained that the main changes were based around large procurements; the Officer confirmed that the Council had five contracts which upon retendering would have amendments under the new Procurement Act. The attached contract regulations and procedure rules, it was stated, provided a number of revisions outlined in the report. It was noted that a summary of changes made since the last Contract Procedure Rules and Procurement Act had been outlined and included new procurement objectives in section 1.5 of the report. Other changes included updates to the section on conflicts of interest; the introduction of a competitive flexible procedure; changes in contract award criteria; and references to the central debarment list. Regarding the central debarment list, the S151 Officer added that the list was available on the Cabinet website and included a number of suppliers which must be excluded from the Council's procurement procedures.

The S151 Officer stated it was also required that all contracts over £5,000 be recorded on the contract register, including those awarded via exception. It was highlighted that additional housekeeping improvements had been made, including linking conflict of interest wording to Members' and Officers' codes of conduct; making reference to Councillor involvement in commercial transactions; and clarifying reporting requirements. The S151 Officer added that all of the Council's Procurement Officers must be involved in all procurement activity.

In recognition of questions raised by a Member of the Committee at the November 2024 meeting, the S151 Officer explained that significant training had been carried out for Officers by qualified Chartered Institute of Procurement and Supply (CIPS) professionals. It was highlighted that an internal audit of procurement had commenced, and an assurance report would be provided at the next meeting in March 2025.

The Chairman commented that reassurance had been provided regarding the provision of Officer procurement training, which had previously been a source of consternation for Members.

The Chairman requested that a further report from Internal Audit be presented to the Committee in a year's time reporting the progress made in implementing the new procurement rules and regulations.

In response to the Chairman's enquiry regarding the meaning of advantageous tender, the S151 Officer explained the concept behind the term, emphasising the importance of quality as opposed to simply the cheapest price when making procurement decisions. Responding to a question from the Chairman, the S151 Officer noted that efforts would be made to engage with the local market and encourage quality tenders.

The Chairman reiterated the S151 Officer's comments and highlighted the importance of building the local economy.

A Member of the Committee enquired about exceptions to the procurement process, it was confirmed by the S151 Officer that exceptions were to be examined later in the meeting as an exempt report. It was emphasised that in the event of an exception, detail had to be provided in justification of the exemption. The S151 Officer clarified that their position was subject to ongoing declarations of interest, alongside declarations of interest within the exception process.

The Chairman added that all future procurement exceptions would be brought to the Governance and Audit Committee on a regular basis for scrutiny.

With no further comments or questions, and having been moved, seconded and voted upon, it was unanimously

RESOLVED that the adoption of the revised Contract Procedure Rules be recommended to Full Council for approval.

115 ISA260 AUDIT OPINION

The Committee heard from the External Auditor who provided an overview of the year-end report, known as the ISA260, which was required under the Local Audit and Accountability Act and various auditing and ethical standards. It was recalled that the Audit Plan, which had been presented at the April 2024 Governance and Audit Committee meeting, had set out materiality levels, risks to be examined, and the aims of the audit. It was explained that the current report built on that by providing the findings. The Auditor noted that the audit was substantially complete, pending the receipt of signed management representation letters, financial statements, narrative statements, and the Annual Governance Statement. It was highlighted that a clean audit opinion was anticipated, indicating that the accounts provided

a true and fair view of the Council's financial performance and position as of 31 March 2024.

The Auditor continued, detailing audit misstatements which had been identified, alongside the Officer amendments to those misstatements, and any audit recommendations. It was outlined that four significant risks had been identified, as well as two other risks. One misstatement was highlighted by the Auditor, specifically in relation to the year-end value of surplus land. It was confirmed that the misstatement had since been amended in the accounts. The Auditor then emphasised that overall, valuations were deemed optimistic, but within an acceptable range. A minor point regarding management review controls over valuation was raised, with the Auditor acknowledging that it was typically inappropriate in a public sector setting to use an additional valuer to meet auditing standards.

The Auditor detailed the process involved in auditing the valuation of investment properties, noting that the Audit Team were comfortable with the valuations.

The Audit Team had identified a risk in relation to the valuation of the local government pension scheme, including the associated liability; the Auditor highlighted a necessary adjustment of £7.9 million, which it was confirmed had since been made.

Another identified risk, it was explained, was related to management override. The Auditor highlighted that an issue regarding the segregation of duties had been identified, which it was confirmed had since been rectified.

The Auditor also addressed other audit risks, such as recognition surrounding revenue expenditure capital expenditure, and confirmed that no significant concerns were raised in these areas. It was stated that the narrative statement and Annual Governance Statement had been reviewed, with no misleading information found. In addition, no significant concerns regarding Value for Money had been flagged by the Audit Team.

The Auditor continued his presentation outlining the audit fees, including an additional fee of £9,500 for the revised ISA315, and an additional fee of £8,000 for the completion of the audit. It was confirmed that audit fees were set by Public Sector Audit Appointments (PSAA).

The Audit Team's independence was confirmed by the Auditor. The presentation was concluding with a summary of recommendations. It was noted that appropriate changes had been made in response, and all identified audit misstatements had been corrected by Officers. The Auditor concluded by confirming that a clean audit opinion would be issued upon receipt of the necessary signed documents.

The Chairman invited questions from the Committee.

A Member of the Committee enquired about the potential for increased efficiency in future audits and whether any new insights had been gained due to the fresh perspective of the new External Audit Team. The Auditor confirmed that a debrief process with the Management Team had been committed to, which would identify areas for improvement for both parties. It was acknowledged by the Auditor that first-year audits tended to be less efficient due to the learning curve involved. The Auditor added that while fresh perspectives could be beneficial, it would be challenging to comment on the performance of previous External Auditors.

A Member of the Committee further questioned the surplus land valuation issue of £1.484 million, enquiring why the figure was not considered to be a concern to Auditors. The Auditor clarified that the adjustment had since been made in the financial statements, and explained comments in the report were in relation to the over-optimistic nature of the valuation assumptions. In terms of what would cause concern, the Auditor clarified that errors in figures related to operational land and buildings, or investment properties, had the potential to raise further questions, however, the valuation of the assets in question did not raise concern. The Chairman added that the surplus land under discussion was in the Gainsborough area and had been reallocated under the Central Lincolnshire Local Plan (CLLP) from business use to recreational use, leading to a lower market value. A Member of the Committee expressed satisfaction that the issue had been identified during the audit process.

A Member of the Committee sought further clarification regarding the over-optimistic valuations; in response, the Auditor explained that the valuations in relation to operational land and buildings were within an acceptable range. It was added that these valuations did not indicate deliberate management override as they were restricted to one specific area attributed to an external valuer, rather than indicative of a general theme of over-optimism.

Vice-Chairman Cllr Dobbie enquired about the timing of the land reclassification. The S151 Officer clarified that the reclassification had occurred during the most recent review of the CLLP, within the last 18 months. It was noted by the S151 Officer that the Finance Team was previously unaware of the reclassification, leading to the valuation discrepancy. The S151 Officer explained that a new mechanism had been established to ensure that any changes in land use were promptly reported to the Finance Team for accurate valuation going forward.

The Chairman asked about the Virgin Media appeal and requested assurance that changes to the narrative disclosure had been or would be made. The S151 Officer clarified that appeals were reviewed, and provisions were made accordingly, although they were not typically discussed in public session. The Auditor confirmed that the necessary disclosures had been made in the financial statements.

A Member of the Committee raised a question regarding the impact of councils going into pension surplus, in response, the S151 Officer assured the Committee that the trustees of the pension scheme would need to ensure that all resources remained within the scheme. It was added that there was currently no power for the Chancellor of the Exchequer to take from local government pension schemes in that manner.

The Chairman, who stated that he also sat on the Pensions Committee at Lincolnshire County Council, confirmed that the Council was not in surplus to the extent that it would be vulnerable to such action. It was confirmed by the Chairman that the focus remained on ensuring assets were available for future payments to beneficiaries.

The Chairman thanked the Auditor for the detailed presentation and for addressing the Committee's questions.

With no further comments, and having been proposed and seconded, the Chairman took the vote, and it was

RESOLVED that the content of the report be accepted.

116 AUDITED STATEMENT OF ACCOUNTS 2023/2024

Members of the Committee heard from the Financial Services Manager, who presented the Audited Statement of Accounts for 2023-24. It was explained that the accounts had been fully audited and signed off by KPMG. The Manager recalled that the draft accounts had been presented and scrutinised by the Committee in June 2024, since then, KPMG had conducted their first audit of the Council's accounts under the new PSAA contract. It was explained that misstatements which had been found by the Auditors and outlined in their report, had since been corrected for the final version of the accounts. It was highlighted that the finance team had also identified some items during their due diligence of the draft statement, and these, along with some rounding errors and typos, had been corrected. The Manager explained that the accounts were audited within the statutory deadline and would be posted on the Council's website once signed. It was outlined that no events after the reporting period were declared, and no requests to inspect the accounts were received during the statutory period. The Manager continued, adding that the deadline for preparing the 2024-25 accounts was now 30 June 2025, rather than 31 May 2025 as previously, and the external audit of the accounts was required by 27 February 2026. Questions on the financial statements were invited.

In response to a question from Members about the timing of the final sign-off with KPMG, the Manger confirmed that a draft timetable for completing the preparation of the 2024-25 accounts had been set, with the deadline now at the end of June 2025 rather than the end of May 2025. It was noted that group accounts would be required for the first time for the 2024-25 accounts, as the Council's sub-companies had crossed the reporting threshold. It was explained that the Council was now the full owner of Market Street Renewal Limited, and those accounts together with SureStaff Lincs Limited, and WLDC Staffing Services, would all be grouped together. The Manager highlighted that additional statements with group balances would be included in the statements. Arrangements with KPMG for the audit were being made, considering both KPMG's and internal staff's schedules to ensure that both sides would be able to fully engage with the undertaking in a timely fashion.

An issue was raised by a Member of the Committee regarding an organisational picture chart depicting the senior team in the report, which included a picture of a person without a description. The Financial Services Manager clarified that the person was the Head of Policy and Strategy and it was accepted that a small explanation would have been helpful.

A point of clarification was made by the Chairman regarding the diagram on page 129 of the report pack, which depicted Officers in post at the end of the accounting period (March 2024). The Chairman confirmed that the document was correct for the timing of the accounts, although changes would occur in the following year.

Concerns were expressed by the Committee about the two employment agencies associated with the Council, specifically regarding the lack of detailed information on their transactions, except for information regarding two loans that had been made. It was expressed that more information should have been provided with relation to how the employment agencies were fairing. In response, the S151 Officer explained that detailed information in relation to the two companies was not required in the Statement of Accounts; it was added that the Corporate Policy and Resources Committee was responsible for

assessing the business plans and financial performance of the companies, and this information was available to all Members through Modern.gov. The Financial Services Manager added that additional transactional information was provided in note 29 of the report; it was added that business plans were approved at the beginning of each year which set out direction, cash flow, and other financial information. On page 200 of the report pack, the Manager highlighted tables on Surestaff Lincs Limited, WLDC Staffing Services, and Market Street Renewal Limited. The Chairman requested for the relevant documents which were brought to Corporate Policy and Resources Committee to also be forwarded to Governance and Audit Committee Members for ease of access.

A comment was made by the Chairman regarding the Internal Drainage Boards and the rising costs associated with them. It was noted that the Council's contribution may not be high when compared to other authorities, nevertheless, the costs were increasing. The Chairman added that this was a risk or pressure for many councils, and that lobbying efforts were underway at various levels of local government.

It was noted that voting eligibility depended on Members' attendance of the Statement of Accounts training. The S151 Officer stated that the following Members of the Committee were eligible to vote: Cllr J Barrett, Cllr S Bunney, Cllr D Dobbie, and Cllr Mrs A Lawrence.

Having been moved, seconded, and voted upon, it was unanimously

RESOLVED that

- a) that the attached Statement of Accounts had been reviewed and there were no concerns arising from the Financial Statements that needed to be brought to the attention of the Council; and
- b) the Statement of Accounts for 2023/24 be approved; and
- c) the Section 151 Officer and the Chairman of the Governance & Audit Committee be permitted to certify the letter of representation to our Auditor, KPMG.

117 DRAFT TREASURY MANAGEMENT STRATEGY STATEMENT 2025-26

Members of the Committee heard from the Financial Services Manager, who introduced the report and explained that the Draft Treasury Management Strategy had been written against the backdrop of economic uncertainty, with factors including the new US President; the continuing war in Ukraine; sluggish economic growth in the UK; as well as government bond yields at high levels. Reduced levels of inflation alongside falling interest rates were highlighted, which, it was explained, had impacted the authority's treasury position. The Manager continued, explaining that the amount the authority received on invested funds had increased, whilst the cost of holding debt was higher when it was refinanced. Additionally, it was explained, the decisions of when to invest and when to borrow were key to maximising returns and limiting interest costs. It was noted that the Council's treasury advisors had predicted interest rates would continue to fall in 2025 and settle to a more stable position in 2026/27; this meant if borrowing was required then it should be taken on a short-term basis, which could then be refinanced when lower rates were available.

The Manager then explained that the strategy incorporated requirements of the 2021 Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code. It was emphasised that the report had brought together several strategies and policies, firstly, the borrowing strategy, ensuring consideration was given to affordability and sustainability for the repayment of debt. Secondly, the annual investment strategy, intended to provide security of the investment, consider liquidity and cash flow requirements; finally, yield, all of which were considered in the context of the authority's risk appetite. It was explained that the medium-term revenue provision provided a policy which detailed how the authority would repay prudential borrowing on an annual basis; the Committee was also requested to consider the Capital Investment Strategy, which was the framework by which capital investment and financing decisions would be made. The Manager continued, adding that draft prudential and treasury indicators had been calculated in December 2024, therefore they would be updated based on the final capital programme and medium-term financial analysis for the final version of the report, which would be brought before Council in March 2025. The Financial Services Manager stated that the Minimum Revenue Provision Policy was fully compliant with current regulations.

Regarding investments, it was explained, the counterparty lists within the strategy were the latest information supplied by Mitsubishi UFJ Financial Group, Inc (MUFG), formerly known as Link Treasury Services, and would be updated as the information became available, or ratings changed.

The Manager continued the presentation, explaining that the treasury function was carried out in line with the Treasury Management Code of Practice and the Prudential Code. It was highlighted that the treasury management function was last audited in 2021, and was given a high assurance rating in relation to its procedures and risk management. The Treasury Management training that Members had received prior to the Committee meeting was noted, and the presentation concluded with a summary of the report recommendations.

The Chairman thanked the Financial Services Manager and welcomed questions from the Committee.

With reference to the Treasury Management training, a Member of the Committee recalled that the training provider had used key figures from the report. Comments were made on the merits of the Council's plan with reference to borrowing and investment.

In response to a query from the Chairman regarding the differences in Capital Expenditure by Cluster figures, the Manager explained that phase two of the Home Upgrade Grant in the 'Our People' segment was a significant project being delivered in the current financial year; it was stated that one-off funding for the project comprised of multiple sources. The Manager added that in the 'Our Place' segment, the Levelling Up schemes would be completed in 2025 as part of the Capital Programme; therefore, after the completion of the projects, the Capital Expenditure should return to business as usual in the coming years. The Corporate Policy and Resources Committee examined the Capital Investment Programme and the projected outturn as part of the quarterly monitoring report, with the next report due to be brought to Committee in February 2025. In response to a comment from the Chairman, the Manager confirmed that the aforementioned projects accounted for the significant increase in external grant financing for 2024/25. The Chairman then sought clarification over whether the earmarked reserves for the financing of capital expenditure in 2024/25 had come from unspent government grants. This was confirmed by the Financial Services Manager, who

added that the scheme at RAF Scampton was also included, which would be partly funded from the growth reserves.

A Member of the Committee thanked those involved in producing the report and commended the accessibility of the document. The Chairman reiterated the comments and praised the Statement of Accounts and Treasury Management Training for their discussion-driven approach.

It was noted that voting eligibility depended on Members' attendance of the Treasury Management training. It was stated that the following Members of the Committee were eligible to vote: Cllr J Barrett, Cllr S Bunney, Cllr D Dobbie, and Cllr Mrs A Lawrence.

With no further comments or questions, and having been moved, seconded and voted upon, it was unanimously

RESOLVED that

- a) having reviewed, commented on and scrutinised the Treasury Management Strategy, Prudential Indicators and Minimum Revenue Provision (MRP) Policy 2023/24, it be **RECOMMENDED** to Council for approval; and
- b) the Capital Investment Strategy in conjunction with the Treasury Management Strategy had been reviewed, commented on and scrutinised; and
- c) approval of any changes to the Capital Strategy and Minimum Revenue Provision (MRP) Policy and Prudential Indicators be delegated to the Section 151 Officer in consultation with the Chair of the Governance and Audit Committee, prior to the final strategy being presented to Council in March 2025.

118 ANNUAL EXTERNAL AUDIT REPORT

The Committee heard from the External Auditor, who introduced the annual report and explained that it was intended for public reading and helped to discharge the Auditor's responsibilities regarding Value for Money. The Executive Summary indicated the results of the audit, and it was confirmed that the report would be published on the Council's website once finalised. The Auditor highlighted that no wider powers under the Local Audit and Accountability Act had been exercised. A summary of the report's features was given, with no significant weaknesses or recommendations regarding the Council's arrangements identified. The Auditor continued, outlining the audit process and highlighting a small number of improvement observations, including improvements to savings measures, updating the risk management policy, and the reporting of contract exceptions.

The Chairman thanked the Auditor and emphasised that the report had considered the previous financial year, ending in March 2024. It was noted that the Council had since established a Savings Board to increase efficiencies and address financial concerns and

pressures in the wake of future uncertainty.

A Member of the Committee expressed appreciation for the detailed papers and noted concern in areas where management procedures could be tighter, particularly regarding the regular updating of fraud detection policy. In response, the Chairman confirmed that fraud policy had recently been updated by the Council and emphasised the importance of regular policy updates. The S151 Officer responded, welcoming the findings of the audit teams. Regarding updates to fraud policy, the S151 Officer noted that the Committee had recently received the findings of the Council's independent fraud risk assessment, which had been requested by the Committee, and pertained to the 2023-2024 financial year. The Officer continued, stating that the outcome of the assessment had informed a Fraud Action Plan, which it was highlighted had been brought to Committee on two separate occasions, and was also on the agenda for the current meeting. The new fraud and bribery policy, it was explained, would be presented to the Joint Staff Consultative Committee in March 2025, for final approval by the Corporate Policy and Resources Committee.

Members of the Committee commended the accessibility of the report, particularly the clear presentation of risk factors and related work. The Chairman suggested that the ease of reading be communicated to the public to encourage engagement with the report.

With no further comments or questions, the findings from the Annual Audit Report were endorsed and **DULY NOTED**.

119 INTERNAL AUDIT PROGRESS REPORT

The Committee heard from the Internal Auditor, who presented the report. An update was provided on the 2024-25 Internal Audit Plan alongside of an overview of the reports that had been finalised since the November 2024 Committee meeting. It was confirmed that all remaining audits for the 2024-25 plan had been fully booked and agreed with Management Team, with confidence expressed that the plan would be completed by 31 March 2025.

The Auditor explained that the Purchasing and Creditors report had received a substantial assurance opinion, the highest opinion given. Four low priority recommendations had been made and were accepted by management. These recommendations included documenting order approval limits, verifying new suppliers and amendments to supplier details by phone, verifying all supplier changes, and conducting data cleansing exercises.

The Chairman expressed satisfaction with the reference checking measures and requested confirmation at a future meeting that the recommendations had been fully implemented. The importance of addressing low priority recommendations was emphasised in avoiding complacency.

It was stated by the Auditor that the Complaints Handling report had received a reasonable assurance opinion, the second highest tier. Two medium and four low priority actions were identified and accepted by the Management Team, with implementation due by 31 March 2025. The medium priority actions addressed areas for improvement in handling customer complaints within Council-set timelines and the need for a formal process to agree on extensions. The low priority actions included monitoring and providing refresher training for

Officers handling complaints, setting timelines for sending outcome letters, and monitoring lessons learnt.

Members of the Committee raised concerns about the 20-day timeframe for handling complaints, highlighting the complexities of different complaints. The Monitoring Officer concurred, noting that some complaints might require more time due to their complexity, and emphasising the importance of engagement and communication.

The Chairman thanked the Auditor for the detailed report and reminded Committee Members to raise any concerns they might have for the Internal Audit Team through their group leaders.

With no further comments or questions, and having been moved, seconded and voted upon, it was unanimously

RESOLVED that the report had been considered and any required actions had been identified.

120 REVIEW OF WHISTLEBLOWING ACTIVITY

Members of the Committee heard from the Monitoring Officer who presented the report. Members were provided with a review of the whistleblowing activity for the period 2023 to 2024. It was noted that the Whistleblowing Policy allowed employees to raise concerns about the Council's operations without the risk of victimisation. In the outlined period, it was reported that no incidents had been raised. The Committee was requested to note the contents of the report and to continue receiving annual reports related to the use of the policy and any incidents which had occurred. For the Committee's awareness, the Monitoring Officer informed Members that the Whistleblowing Policy was currently under review and would proceed to the Joint Staff Consultative Committee shortly, followed by the Corporate Policy and Resources Committee. It was suggested that once the policy was considered and approved, it should be shared with the Governance and Audit Committee for noting purposes.

A Member of the Committee praised the report, acknowledging that the policy had been thoroughly reviewed, with significant staff involvement and considerable thought given to it. The Chairman concurred, emphasising the importance of staff involvement in ensuring ownership of the policy. The hope for future reviews was also expressed.

With no further comments or questions, it was unanimously

RESOLVED that

- a) the contents of the report be noted; and
- b) annual reports in relation to the policy implementation and incidents continue to be received.

121 CONSTITUTION REVIEW - OUTCOME OF THE LEGAL HEALTH CHECK OF THE

CONSTITUTION AND ARISING RECOMMENDATIONS

The Committee heard from the Monitoring Officer, who outlined the purpose of the report and provided an update on the ongoing work related to the Constitution Review. It was noted that the Council was required to prepare and maintain an updated constitution in line with any legal amendments. The Monitoring Officer added that the Council's current Constitution was available on the website. Members were reminded of the importance of this key governance document, which included terms of reference for all Committees, rules of procedure, delegations to officers, and various codes and protocols. It was highlighted that a modular constitution had been produced, outlining the essential elements all councils should include, while allowing for specific nuances of the organisation. It was explained that constitutions were subject to changes over time due to alterations in council membership, amendments to codes and protocols, changes in delegations, and legislative updates. Consequently, it was considered good practice to review the document in its entirety periodically, typically through an external legal health check, which had been conducted.

The Monitoring Officer continued the presentation, adding that the health check was a detailed piece of legal advice, categorised into three areas. The first area included amendments necessary to align the Council with legislative updates, detailed in Appendix 1 of the report. The second area involved more substantial changes to articles and committees, which were suggested to be addressed separately in preparation for the May 2025 Annual Council (AGM). The third area included optional considerations for future discussion, which were not immediately necessary but could be beneficial over time.

Members were assured that the health check had concluded the Constitution was largely legally compliant but could benefit from updates and amendments in certain areas. Specific attention was drawn to the amendment regarding the duty to record unpublished decisions made by Officers, which did take place, but had not been clearly reflected in the current Constitution. Additionally, it was recommended to state a financial amount of £50,000 for decisions materially affecting the Council's financial position, other than planned expenditure. Other legal amendments included public rights to film and record meetings, changes to access information, legislation regarding exempt categories, and a requirement for the inclusion of the Officer Code of Conduct. It was explained that an All-Member Briefing session had been offered, and slides were sent to Members who could not attend. The detailed legal advice was also provided for reference, but Members were assured that reading the detailed advice was not necessary for understanding and approving the report, but was available for context.

Concerns were raised by Vice-Chairman Cllr Dobbie about the recording of meetings and the retention of those recordings, suggestions were made by Members to ensure continuous records were kept to avoid potential misrepresentations of Council business. The Monitoring Officer agreed to consider the technical feasibility and consult with the Data Protection Officer regarding information retention. Further discussion ensued about the public's right to record meetings and the need to reflect this legal right in the Constitution. The Chairman recommended certain sections of the Constitution be reworded to prevent misinterpretation with respect to the rights of the public in Committee meetings. With this in mind, the Monitoring Officer stated that the suggestions would be reviewed and feedback would be provided in due course.

Having reached the end of the discussion, the Chairman sought agreement from Committee

Members that the recommendations within the report be noted and highlighted that the report would be recommended to full Council. Members indicated their agreement, therefore it was **DULY NOTED**.

122 COMMITTEE WORK PLAN

With no comments or questions, the Committee Work Plan was **DULY NOTED**.

123 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 items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 3 and 7 of Part 1 of Schedule 12A of the Act.

Note: The meeting entered closed session at 3.12pm

124 UPDATE ON FRAUD RISK ASSESSMENT AND COUNTER FRAUD AND ANTI-BRIBERY WORK PLAN

The Committee was presented with an update on the Fraud Risk Assessment and Counter Fraud and Anti-Bribery Work Plan from the Section 151 Officer. It was explained that the update followed an independent Fraud Risk Assessment which had been requested by the Committee. The assessment had highlighted 38 recommendations for the Council to address, and it was reported that 22 of those had been fully implemented, with a further five or six due to be implemented after the Committee meeting.

The Section 151 Officer summarised some of the new changes, adding that processes for reporting disclosures would be easier for both Members and senior Officers. Members were reassured of the Council's approach and were informed that a further audit in 2025/26 was welcomed to identify any further required improvements.

The Section 151 Officer gave specific examples in response to a question enquiring about the content of the 38 recommendations.

A Member of the Committee commended the Council's management and stressed the importance of continued assurance in the wake of any future local government changes.

The Chairman reiterated the need to continue the counter-fraud and anti-bribery work; it was requested for the Management Team to ensure that an assessment of the Council's progress in relation to counter-fraud and anti-bribery was formally included as part of the future Internal Audit Plan.

With no requirement for a vote, the report was **DULY NOTED**.

125 PROCUREMENT EXCEPTIONS

The Committee heard from the Section 151 Officer, who introduced the report. It was outlined that in rare circumstances the Council's procurements were exempt from the Contract Procedure Rules. The Officer explained the exception would occur when following

procedure rules would not be practical or possible. Further to this, the Section 151 Officer stated that dependent on value, either Committee, Management Team, or the Section 151 Officer could exempt the procurement from the Contract Procedure Rules, allowing for a direct award of choice. It was emphasised that the process should only be by exception, rather than rule, and a set report must be compiled for approval. The procurement exceptions, it was highlighted, were previously not reported, however, in line with audit recommendations, a Procurement Exceptions report would come to Governance and Audit Committee every 6 months for examination.

The Section 151 Officer answered a range of questions in response to the reported list of procurement exceptions granted between 1 April 2024 and 30 September 2024. In response to a question, Members were assured that clarification would be provided regarding the categorisation of a specific item on the list.

Members of the Committee emphasised the need for effective and efficient management, alongside a transparent and rigorous reporting structure for management decision-making.

The Committee concluded with the Chairman, Members, and Officers, thanking the outgoing Section 151 Officer for her work and dedication to improving the Council.

With no requirement for a vote, the report was **DULY NOTED**.

The meeting concluded at 3.40 pm.

Chairman