

## 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 24 July 2018 commencing at 2.00 pm.

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

Councillor Mrs Sheila Bibb  
Councillor Thomas Smith  
Councillor Mrs Angela White (**from item 18**)  
Alison Adams  
Andrew Morriss

**In Attendance:**

Ian Knowles	Executive Director of Resources and S151 Officer
Tracey Bircumshaw	Finance & Business Support Manager
Lyn Marlow	Customer Strategy and Services Manager
James Welbourn	Democratic and Civic Officer
John Cornett	External Audit
Michael Norman	Auditor KPMG
John Sketchley	Internal Audit

**Apologies:** Councillor David Bond  
Councillor John McNeill  
Peter Walton

**Membership:** Councillor Thomas Smith substituted for Councillor John McNeill

### 17 PUBLIC PARTICIPATION PERIOD

There was no public participation.

### 18 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 19 June 2018 were approved as a correct record.

### 19 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interests.

### 20 MATTERS ARISING SCHEDULE

The matters' arising schedule was noted.

## **21 ANNUAL GOVERNANCE STATEMENT 2017/18 AND ACTION PLAN/ CLOSURE OF THE ANNUAL GOVERNANCE STATEMENT 2016/17 ACTION PLAN**

Members considered the Annual Governance Statement (AGS) for 2017/18 along with the associated Action Plan.

The following points were highlighted:

- The six areas to be addressed in the coming year were commercialism, wellbeing service, a review of the Challenge and Improvement Committee, the new Corporate Plan for 2019-23, PCI DSS (Payment Card Industry Data Security Standard) processes, and value for money;
- Value for money was a carry-over from the previous AGS; it was felt that there hadn't been a sufficient activity on this, so it would be looked at over the coming months;
- An Executive Director was named against each issue in the Action Plan to show senior oversight;
- The AGS paper would be published with the annual financial statements on order to see the two documents as a collective.

Following contributions from Members, further information was provided:

- The format of the AGS made it more readable than previous years;
- In emergencies there were officers other than the statutory roles (Section 151 Officer, Monitoring Officer) that could make decisions. There were deputies for both the Monitoring Officer and the Section 151 Officer;
- The 'health and wellbeing' service referred to in the report was known as the 'wellbeing service'. This would be amended within the final AGS.

### **RESOLVED to:**

- (1) Approve the Annual Governance Statement for 2017/18 and associated Action Plan;
- (2) Sign off the Action Plan for 2016/17 as completed (bar the action pertaining to Value for Money).

## **22 INTERNAL AUDIT QUARTER 1 PROGRESS REPORT 2018/19**

Members received a progress update by the audit partner, against the 2018/19 annual programmes agreed by the Audit Committee in March 2018.

The following points were highlighted:

- 4 audits had been completed since the last internal audit report. These were

procurement, PCIDSS, consultancy on the ARCUS projects and the portfolio board;

- Current work included the growth programme and environmental protection;
- There were no audit recommendations outstanding;
- Both the procurement and the portfolio board audits were rated as 'substantial'. The PCIDSS audit received 'limited' assurance, and the consultancy audit did not receive a rating;
- There were no overdue audit recommendations;
- There would be a meeting of the Lincolnshire Audit Commission forum in October;
- The Chartered Institute of Public Finance and Accountancy (CIPFA) had issued a new publication on audit committees;

Following comments from Members, further information was provided:

- Audits were followed up as a matter of course. Internal audit track the audits, and West Lindsey District Council (WLDC) also do their own work following up on recommendations;
- There were two PCIDSS standards; Internal Audit apply the higher of the two. The bank had an online template which would help WLDC to discover whether it was compliant with PCIDSS standards, or not;

One thing required by this guidance was that the credit card information was not held by WLDC; this could be achieved by asking callers to input their own credit card information rather than relaying it to the member of staff at the other end of the telephone line;

- The Chairman reported on discussions he had undertaken with the Chairman of the Prosperous Communities Committee and they believed that it would be of value to review the consultancy on the leisure contract; this work required scoping and the Chairman of Governance and Audit Committee and the Chairman of Prosperous Communities Committee would assist internal audit;
- The audit for the leisure contract would first need to be scoped before a timescale could be provided.

**RESOLVED** to note the report.

## **23 REVIEW OF THE WHISTLE BLOWING POLICY 2017/2018**

Members considered the annual whistleblowing report; the Executive Director for Resources informed those present that there had been no whistleblowing activity over the course of the year.

A recent employee survey showed a continuing increase in employee satisfaction.

**RESOLVED** to be assured that the Whistleblowing Policy in place was working effectively.

## **24 ANTI MONEY LAUNDERING POLICY**

Members considered a report on a new individual anti-money laundering policy that took account of recent legislation changes.

New legislation required that the policy be reviewed; the policy now stands in its own right outside of fraud policies (historically at WLDC, this paper would have been considered along with a paper on fraud).

The use of cash at WLDC was not encouraged but would be accepted; Customer Services had to get authorisation from the Finance and Business Support Manager if the cash totalled over £1000.

Following comments from Members, further information was provided:

- The stern warning at point 7 should appear with the preceding information rather than being outlined over the page;
- Both the Strategic Manager for Finance and Business Support and the Section 151 Officer did not handle cash in their roles; however the reporting requirements were such that they would be notified of the use of money. The Chief Operating Officer also had a delegation to be involved should it be deemed appropriate;
- It was not just cash that was involved in money-laundering; right to buy sales and overseas bank accounts could also be a form of money laundering;
- Staff have had fraud training through an e-learning package. The Strategic Manager for Finance and Business Support's team have had training on larger transactions.

**RESOLVED** to:

(1) Approve the appointment of the Executive Director of Resources as the Council's Money Laundering Reporting Officer. The Strategic Manager for Finance and Business Support was appointed as deputy;

(2) Approve the Anti-Money Laundering Policy.

## **25 ISA 260 REPORT**

Members considered both the Audited Statement of Accounts, and the ISA 260 report. External Auditors advised that the ISA 260 be considered first; points highlighted by KPMG, the external auditors, are listed below:

- There were two opinions given by KPMG; on the accounts, and on value for money

(vfm);

- KPMG intended to give an unqualified opinion on the accounts. The accounts presented a good and fair view; there were no adjustments needing highlighting;
- The audit plan presented earlier in the year included valuations of property and equipment, pensions' liability and faster closing. The key message on all of those pieces of work was that nothing identified needed highlighting; any risks had been mitigated;
- KPMG intend to issue an unqualified vfm conclusion; the conclusion was given on the basis that 'adequate' processes were in place to provide vfm; KPMG do not say that vfm was provided, and this was standard practice;
- 'adequate' was as good a rating as it was possible to achieve;
- WLDC had a robust financial strategy in place;
- KPMG had not exercised any of its statutory powers.

The Chairman then proceeded to thank KPMG and the external auditors present for their work, and assistance provided to WLDC over the last few years.

**RESOLVED** to note the ISA 260.

## **26 AUDITED STATEMENT OF ACCOUNTS**

Members considered the audited statement of accounts for 2017/18.

As in the AGS report earlier in the meeting, there was a reference to the health and wellbeing service. This would be amended to the 'wellbeing' service.

The following points were highlighted:

- Much of the reserves were earmarked. The general reserve was a little less than £4 million; ideally, WLDC would not want this figure to go below £1.5 million;
- It was for the authority themselves (WLDC in this case) to set their level, or target of reserves; external auditors would then assess WLDC against that target. If WLDC were to fall below their set target, that would stand as a risk. The target currently set was reasonable;
- The minimum reserve had been increased from £1 million to £1.5 million; this would be kept under review, and considered on an annual basis as part of the closure process;
- Unusable reserves were a statutory requirement and were ring-fenced. Financially this would be a better position if pensions' liability reduced. WLDC contribute an annual amount to the pension reserve to reduce liability.

**RESOLVED to:**

- (1) Confirm that there were no concerns arising from the Financial Statements that needed to be brought to the attention of the Council;
- (2) Approve the Statement of Accounts for 2017/18;
- (3) Permit the Section 151 Officer and the Chairman of the Governance and Audit Committee to certify the letter of representation to the Auditor, KPMG, on completion of the audit.

**27 WORKPLAN**

The future workplan was noted.

**28 EXCLUSION OF THE PUBLIC**

**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 involve the likely disclosure of exempt information as defined in paragraph 2 of Part 1 of Schedule 12A of the Act.

**29 COMPLAINT COMPENSATION RECOMMENDATION FROM THE LOCAL GOVERNMENT OMBUDSMAN**

Members considered an exempt report on a recent complaint decision from the Local Government Ombudsman where compensation payments have been recommended.

The second recommendation in the paper omitted a delegation to the Executive Director of Resources in consultation with the Chairman of the Governance and Audit Committee. The amended recommendation was moved, seconded and unanimously agreed.

**RESOLVED to:**

- (1) Agree to the Local Government Ombudsman recommendations of two £100 compensation payments to the two parties affected;
- (2) Agree to delegate authority to award compensation up to a value of £2,500 to the Executive Director of Resources subject to consultation with the Chairman of the Governance and Audit Committee.

The meeting concluded at 3.20 pm.

Chairman