

WEST LINDSEY DISTRICT COUNCIL

MINUTES of a Meeting of the Governance and Audit Committee held in the Council Chamber at the Guildhall, Gainsborough on Thursday 14 April 2016, commencing at 6.30 pm.

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

Councillor Mrs Sheila Bibb
Councillor David Bond
Councillor Angela White

Andrew Morriss (Independent Co-opted Member)
Peter Walton (Independent Co-opted Member)

In Attendance:
Ian Knowles Director of Resources and S151 Officer
James O'Shaughnessy Interim Strategic Lead - Transformation
Katie Coughlan Governance and Civic Officer

Also In Attendance :
John Sketchley Internal Audit, Lincolnshire County Council
Adrian Benselin KPMG – External Auditor

Apologies: Councillor Hugo Marfleet
Alison Adams (Independent Co-opted Member)

83 PUBLIC PARTICIPATION

There was no public participation.

84 MINUTES

- (a) Meeting of the Governance and Audit Committee held on 17 March 2016 (GA.60 15/16)

RESOLVED that the Minutes of the meeting of the Governance and Audit Committee held on 17 March 2016 be approved and signed as a correct record.

85 MEMBERS' DECLARATIONS OF INTEREST

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

86 MATTERS ARISING SCHEDULE SETTING OUT CURRENT POSITION OF PREVIOUSLY AGREED ACTIONS AS AT 6 APRIL 2016 (GA.61 15/16)

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 6 April 2016.

With regard to the green action entitled "audit plan" the Director of Resources advised that the activity referred to at the last meeting was Anti-Social Behaviour and this would be addressed in the 16/17 Audit Plan.

RESOLVED that progress on the Matters Arising Schedule as set out in report GA.61 15/16 and the verbal update set out above, be received and noted.

87 INTERNAL AUDIT MONITORING REPORT – YEAR END – PERIOD 4 (GA.62 15/16)

The Committee gave consideration to a report which sought to update Members of the progress by the Audit Partner, against the 15/16 annual programmes agreed by the Audit Committee in March 2015. The report further provided details of the audit work undertaken during the period; the current position with agreed management actions in respect of previously issued reports; and details of other audit activity relevant to the Committee.

The report advised on five audits having been completed during the period; two having received a high assurance rating, namely, Budget Preparation and Budget Monitoring and three having received a substantial assurance rating, namely, Grants Given, Tablet Security and Income. The outcomes of each audit were outlined to Members in detail. No audits during the period had received a limited or low assurance rating and this news was welcomed.

The report further advised of the audits currently in progress and their respective status, as detailed in Section 7 of the report, and other significant audit work undertaken during the period and going forward, Section 8 referred. Finally Committee's attention was drawn to the current status of all outstanding audit actions arising from previously completed audits. It was noted that to date there were relatively few outstanding, with only two being deemed high priority.

In opening the debate, the Chairman commented on the much improved position when compared to a number of years ago, particularly in respect of outstanding audit actions and welcomed this.

With regard to the outstanding action relating to the IT Security Audit undertaken in August 2013, Appendix 4 of the report related, a Member questioned the

considerable slippage. In responding Officers referred the Committee to the table at the conclusion of the report which detailed the current status and management response of all outstanding actions.

RESOLVED that the contents of report GA.52 15/16 be received and noted.

88 ANNUAL GOVERNANCE STATEMENT 14/15 – PERIOD 2 MONITORING REPORT (GA.63 15/16)

Members gave consideration to a report which reviewed progress achieved against the Annual Governance Statement 2014/15 Action Plan.

It was noted that good progress had been made with four of the nine actions now completed; these being Asset Management, the Review of the Constitution and Decision Making, Review of Risk Management Strategy and the Corporate Plan. The current position of the remaining actions detailed in Appendix 1 of the report were outlined to the Committee.

Whilst the actions relating to Finance Matters II and Member Induction and Development were currently classified as “amber” assurance had been obtained that there was only a negligible risk of not achieving the overall delivery within the revised timescales.

Work was ongoing to ensure the remaining issues were addressed, and therefore not identified as significant governance issues in the Annual Governance Statement for 2015/16. Officers were confident this would be achieved, with the exception of the Central Lincolnshire Local Plan Action and the Development Management Improvement Plan. The reasons for this were shared with the Committee.

RESOLVED that having considered the content of the report the Committee be assured that the current position of the Annual Governance Statement Action Plan for 2014/15 would result in the completion of all relevant actions by July 2016.

89 APPOINTMENT OF EXTERNAL AUDITORS (GA.64 15/16)

Consideration was given to a report which informed Members of the options available to the Authority for appointing a new External Auditor. The report also asked that Members give consideration to being part of a national approach.

Committee were provided with background and contextual information during which it was noted that at the demise of the Audit Commission in 2012, the Government issued a national tender which packaged Local Government and other public bodies into a number of lots. Local Government had been packaged on a geographical basis which meant that the larger Audit firms were able to bid in a tender process for the services they wished to provide within a geographical arrangement. At that time KPMG won the lot which contained West Lindsey District Council.

The contract issued had been designed to run up-to and including 2016/17 financial year with an option to extend for a further two years. In 2015/16 the DCLG decided to extend the contract for one further year 2017/18.

A company called Public Sector Audit Appointments Limited had been established by the LGA in order to manage these contracts once the Audit Commission had been closed down.

The options available to the Authority, together with the risks and merits associated to each, were outlined to the Committee. These included: -

- The authority issuing a tender in its own right - (the process was outlined)
- A joint tender with county neighbours
- Options considering regional and national approaches.

It was noted that whilst freedom to appoint our own External Audit was to be welcomed in light of the fact it would give elected members a direct input into the process and the selection of External Auditors, single Authority tendering was unlikely to achieve as lower price as a collective approach, be that national, regional or local, due to the potential for offering a critical mass for economies of scale to any potential bidder.

Members asked a number of questions around the national approach ie how the long the contract would be and it was stressed that at this stage no detail had been worked-up.

Taking into consideration the information provided there was a general consensus that it would be a prudent move, and the put the Authority at no disadvantage, to submit an expression of interest in the national approach.

On that basis it was: -

RESOLVED that having considered the report and the implications of a single or joint tender process, the Authority express an interest in joining with the LGA in a nationally led process for the appointment of External Auditors.

90 STRATEGIC RISKS (GA.65 15/16)

The Committee gave consideration to a report which provided Members with the Strategic Risks facing the Council as at April 2016.

Following the production of the Council's new Corporate Plan covering the period 2016-2020 and the revision of the Council's Risk Strategy, work had been undertaken to assess the risks to the achievement of the Corporate Plan priorities and to identify current mitigations and/or further required action to strengthen the mitigating position.

This work had produced a revised strategic risk register based upon the following priorities:

- Open for Business
- Asset Management
- People First
- Partnerships/Devolution
- Local Plan
- Excellent Value for Money Services

A number of additional risks had also been identified which focussed on elements that underpinned workings e.g. compliance and business continuity. It was noted that the approach taken reflected the guidance provided by the Association of Local Authority Risk Managers (ALARM).

The Committee were asked to review the register and to consider whether there were any other additional risks of a strategic nature and whether the current controls and proposed actions were sufficiently robust.

Debate ensued and the Committee sought and received assurance that risks were owned organisation wide. It was noted that the Risk Champion reviewed the Strategic Risks on a 1-2-1 basis regularly and that Operational risk registers owned by Team Managers, informed the Strategic Risks register. The arrangement for risk monitoring was fluid in nature and very much dependent on on-going activity. This could be quarterly but could be monthly also.

There was a detailed discussion regarding how reports were presented to Committee, with lay Members making a number of suggestions as to how the reports could be more engaging. Officers undertook to take the suggestions away and give these further consideration.

RESOLVED that having reviewed the Strategic Risks as presented they be noted.

91 ANNUAL REVIEW OF THE CONSTITUTION (GA.66 15/16)

Consideration was given to a report which proposed a number of amendments to the Constitution for consideration by the Governance and Audit Committee prior to being recommended to Full Council.

In presenting the report the Monitoring Officer outlined the process which had been followed in undertaking the review, as detailed at Section 1 of the report. The changes being proposed as a result, and contained in Section 2 of the report were summarised to the Committee. It was noted that whilst undertaking the review a number of other associated actions for further work and development had been identified and these were outlined in Section 4 of the report.

Debate ensued and Members welcomed the associated work which had been identified. However with regard to paragraph 4.1 (a) which advised of the intention

to review the public participation scheme of the Planning Committee, the Chairman was of the view that this action should be extended to include the following areas: -

- The pre-application process and protocol
- The Committee referral process ie the Scheme of Officer Delegation for this area; and
- Officer involvement in the Appeals Process

The Chairman was also of view that as this work directly related to governance, and the Governance and Audit Committee were charged with a number of responsibilities in this area, that any proposed amendments should be submitted to the Governance and Audit Committee for final approval in accordance with their Terms of Reference.

The Committee were in agreement to the suggestions made and these were proposed and seconded.

With regard to paragraphs 4.3 and 4.4 of the report in which it was being recommended that the Governance and Audit Committee further explore the implications of a possible move to the leader cabinet model, with a view to making recommendations to full council during Autumn 2016, the Chairman considered it may be opportune if the Committee could agree some outcome statements, at this stage, for this piece of work to be approved by Council. The following suggestions were made: -

- Speed of decision making – The Council's Decision Making process allows it to take advantage of opportunities on commercial projects and ensure that WLDC can work as quickly as its colleagues in Greater Lincolnshire
- Empowering Individuals – Those members charged with representing the Council with partners have the authority to act and take responsibility for the decisions they make.
- Effective Council governance and roles of Members and Officers - to ensure the Council has maximum influence and impact with any potential Mayor and Combined Authority to the benefit of West Lindsey.
- Specialist Knowledge – Members have the knowledge and skills to make good, well informed and safe decisions
- Transparency – Governance arrangements which ensure residents can see that decisions are made reasonably and fairly.
- Accountability – There is clear accountability for success and failure for both members and officers
- Involvement – Members are able to set policy and take ownership key decisions.

The Committee were in agreement to the suggestions made.

In light of the above, having being proposed and seconded it was duly **RESOLVED** that:

- (a) the outcome of the Annual Review be noted; and
- (b) it be **RECOMMENDED** to Council that:-
 - (i) the outcome of the Annual Review be noted
 - (ii) the amendments detailed at Section 2 of the report be approved for immediate adoption and implementation;
 - (iii) that the in-year amendments made to the Financial and Contract Procedure Rules agreed by the Governance and Audit Committee at its meeting on 19 January 2016 shown at Appendix 1 be noted;
 - (iv) that the further planned work detailed at Section 4 of the report be noted and supported, including the addition of the followings areas relating to section 4.1(a): -
 - The pre-application process and protocol
 - The Committee referral process ie the Scheme of Officer Delegation for this area; and
 - Officer involvement in the Appeals Process
 - (v) the Monitoring Officer, with support from and through the Governance and Audit Committee, undertake further detailed evaluation work into the implications of a possible move to the leader cabinet model with a view to achieving the outcomes set out above, and make recommendations to a future meeting of Full Council during autumn 2016.

92 WORK PLAN (GA.67 15/16)

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

The Chairman took the opportunity to thank all Officers for their contribution to the Committee's work over the civic year.

RESOLVED that the work plan as at 6 April 2016 be noted.

93 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 item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

Note: The meeting was adjourned for 5 minutes to allow Members to digest the information contained with the confidential tabled appendix. The meeting resumed at 7.35 pm.

94 QUICKLINE BUSINESS PLAN / PAYMENTS – MONITORING REPORT (GA.68 15/16)

Members received a report for assurance purposes and to give the Committee confidence that Quickline were able to meet the conditions of the loan.

In presenting the report Officers indicated at present the arrangement was in line with expectations and capital repayments continued to be made.

Members also received information on the relationship between BDUK and Quickline, and how this was affecting sales and cashflow performance.

Officers again re-iterated that whilst there were a few areas of concern, no action was considered necessary, as all payments to date had been met and this was the Authority's primary concern

In light of the financial information provided to the Committee, Members cited a number of potential scenarios and sought and received reassurance from Officers what action they could take to safeguard the Authority's investment. Assurances were offered that a number of safeguards were in place.

RESOLVED that having received the monitoring information, Members be assured that the conditions of the loan are being met / can be met.

The meeting concluded at 8.06 pm.

Chairman