



WEST LINDSEY DISTRICT COUNCIL

MINUTES of a Meeting of the Governance and Audit Committee held in the Council Chamber at the Guildhall, Gainsborough on Tuesday 21 June 2016, commencing at 6.30 pm.

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

Councillor John McNeill
Councillor Angela White

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

In Attendance:

Ian Knowles	Director of Resources and S151 Officer
James O'Shaughnessy	Interim Strategic Lead - Transformation
Alan Robinson	Strategic Lead – Democracy and Business Support
Tracey Bircumshaw	Team Manager – Financial Services
Darren Mellors	Team Manager – Business Improvement
Katie Coughlan	Governance and Civic Officer

Also In Attendance :

John Sketchley	Internal Audit, Lincolnshire County Council
Matthew Waller	Internal Audit, Lincolnshire County Council

Apologies: Councillor Mrs Sheila Bibb
Councillor David Bond

Membership: Councillor Mick Devine substituting for Councillor David Bond¹

6 CHAIRMAN'S WELCOME AND ANNOUNCEMENT

The Chairman welcomed all those present to the meeting, and in opening shared with the Committee the very sad news that earlier in the day former Chairman and District Councillor Mrs Irmgard Parrott had passed away in Lincoln County Hospital.

He asked Members and Officers to join him in a minute's silence as a mark of respect to this lovely lady who had served her community outstandingly over the years.

¹ Councillor Mick Devine did not attend.

Following the minute's silence, new Committee Member Councillor John McNeill was formally welcomed and thanks were paid to former Committee Member, Councillor Hugo Marfleet for the work he had undertaken.

7 PUBLIC PARTICIPATION

There was no public participation.

8 MINUTES

- (a) Meeting of the Governance and Audit Committee held on 14 April 2016 (GA.01 16/17)

RESOLVED that the Minutes of the meeting of the Governance and Audit Committee held on 14 April 2016 be approved and signed as a correct record.

- (b) Meeting of the Governance and Audit Committee held on 9 May 2016 (GA.02 16/17)

RESOLVED that the Minutes of the meeting of the Governance and Audit Committee held on 9 May 2016 be approved and signed as a correct record.

9 MEMBERS' DECLARATIONS OF INTEREST

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

10 MATTERS ARISING SCHEDULE SETTING OUT CURRENT POSITION OF PREVIOUSLY AGREED ACTIONS AS AT 13 JUNE 2016 (GA.03 16/17)

Members gave consideration to the Matters Arising Schedule which set out the current position of all previously agreed actions as at 13 June 2016.

With regard to the green action entitled "report format" the Chairman outlined discussions had at his last Chairman's Briefing meeting and the intention going forward. This matter would be further discussed at the next Chairman's briefing and Independent Member, Mr Morriss, indicated he welcomed the progress and intended next steps.

Further to the last meeting, an Independent Member sought a position update on Quickline Business Services. In light of the confidential nature of this item, Officers undertook to provide this at the conclusion of the meeting.

RESOLVED that progress on the Matters Arising Schedule as set out in report GA.03 16/17 be received and noted.

11 INTERNAL AUDIT ANNUAL REPORT (GA.04 16/17)

The Internal Audit Plan had been approved at the beginning of the 2015/16 financial year. The Committee gave consideration to a report which set out the Head of Internal Audit's opinion on the adequacy of the Council's governance, risk and control environment and the delivery of the Internal Audit Plan for 2015/16.

The purpose of the annual report was to present a summary of the audit work undertaken over the past year. In particular it:-

- Included an opinion on the overall adequacy and effectiveness of the governance framework and internal control system and the extent to which the Council relied on it;
- Informed how the plan was discharged and the overall outcomes of the work undertaken;
- Provided a statement on conformance with PSIAS and the results of the internal audit quality assurance and improvement programme (QAIP)
- Drew attention to any issues particularly relevant to the Annual Governance Statement (AGS).

Officers presented the report in detail and in doing so, outlined the key messages contained on page 1 of the annual report. Governance, Risk and Financial Control had all been assessed as Green and performing well, whilst Internal Control had been assessed as Amber, performing adequately. Direction of travel across the areas remained static or had seen a positive direction of travel. It was considered this reflected a significant journey for the Authority since its Red rating on Governance in 2013. It was stressed that an Amber status rating for internal control should not be viewed as a negative position in the current Local Government environment. It was an ever changing position which required flexibility as opposed to over control and thus Amber was a positive position.

Explanation was offered as to how each rating status had been arrived at and the factors which had been taken into consideration into reaching them. Potential areas for inclusion in the AGS, were outlined on page 2 of the report.

Page 5 of the report outlined to Members the scope of work undertaken by Internal Audit, the Audit areas covered and any restrictions or changes made to the plan mid-year. Charts on page 6 outlined to the Committee the comparative position when compared to 2014/15 of both assurance opinions given and the number of internal audit recommendations implemented. To-date, 82% of recommendations due by 30 April 2016 had been implemented, all outstanding recommendations were outlined to the Committee in Appendix 2. A list of all audits undertaken was set out at Appendix 1.

Referring to page 7 of the report, Auditors outlined the reasons as to why some of the indicators had not been achieved. It was noted the way in which work had been

scheduled had been changed and this had been of assistance. It was accepted that further improvements could be achieved and audit would continue to work with Senior Management to help improve the process including: -

- Engagement and agreement of the audit schedule
- Clearance of audit reports through CLT
- Swift escalation of issues affecting progress and delivery eg resources and access to information; and
- Completion of post audit feedback questionnaires

Finally Members were provided with the Quality Assurance Framework for Audit Lincolnshire together with a detailed action plan to demonstrate a drive for continuous improvement within the service. (Appendices 3 and 4)

Debate ensued and in opening, the Chairman commented on the much more pleasing picture when compared to previous recent years. Independent Members commented that based on the way Audit Lincolnshire undertook their work they had assurance that the position could be maintained and challenge would continue to be offered.

Referring to Appendix 4, the continuous improvement plan for the Audit Lincolnshire service, Independent Members enquired as to how they as a Committee sought assurance the plan was being delivered. It was stressed that Audit Lincolnshire was a service provided by the County Council and as such its service improvement plan would be held to account by Managers at the County Council. However, if the Committee were minded, Officers would request that it be submitted in six months time alongside the internal audit plan progress report. The Committee welcomed this suggestion.

In responding to Members' questions, Officers clarified that the implementation of audit actions was tracked by the Committee through the internal audit plan quarterly update reports, in which all implemented and outstanding actions were detailed. It was further clarified that final assurance opinions issued after a service audit were not necessarily based on the total number of recommendations identified but rather the number of high priority recommendations.

Referring to figure 3 on page 5 of the report, at the request of a Member, Officers expanded on the types of activity which fell into the categories listed.

In concluding, the Director of Resources paid thanks to the Interim Strategic Lead for Transformation for the work he and his team had undertaken over the last few years in ensuring audit recommendations were tracked and implemented, commenting on the very differing picture now when compared to two years ago. Every audit undertaken was given a thorough review and consideration by CLT and whilst it was acknowledged this could sometimes result in delays, particularly if an audit had been complex, this change in stance was credited as contributing to the significantly improved performance. It was further noted that where areas received a low assurance opinion, it was now standard practice to invite the Auditors back within a period of six months, demonstrating that issues were tackled quickly. Green ratings

were welcomed but Officers were mindful that processes needed to be cost effective and not limit Officer choice and as such were always under review.

RESOLVED that: -

- (a) the contents of the report be received and noted: and
- (b) the Annual Report be further considered when scrutinising the Annual Governance Statement.

12 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT - REPORT FROM THE STATUTORY OFFICERS (GA.05 16/17)

Consideration was given to a report which reviewed the effectiveness of the internal audit service provided by Audit Lincolnshire.

The 2015/16 review had been undertaken on an evidence based desk top approach, the content of which was detailed within the report.

Performance results and the overall assessment were once again that the Internal Audit function was effective and provided value for money, whilst adding value as an arms length view of the Authority's risks and weaknesses and providing support in addressing the issues.

Members were therefore asked to endorse that the Internal Audit Function was effective.

Members thanked Audit Lincolnshire for the services they provided.

RESOLVED that the report and its conclusion set out in section 5 be accepted.

13 DRAFT MEMBER DEVELOPMENT PLAN (GA.06 16/17)

The Committee gave consideration to a report which set out progress to-date and proposals for the future of Member Development.

In presenting the report it was noted that following the successful Induction programme undertaken post election in 2015, a survey was undertaken in January 2016, asking what sort of training Members would like to see provided, the results of which are attached as Appendix A to the report.

The survey incorporated a list of planning related topics which had been suggested at a workshop held in the latter part of 2015, and these had already been set in the timetable for the year.

The Plan recognised that Councillors live in many different parts of the district and some may live some distance from the Guildhall. Their time may be limited, therefore

a flexible approach to the delivery of learning and development would be adopted wherever possible. This would make use of the different development methods available and meet the needs of all the Council Members.

It was anticipated that on-line development would be available shortly, for both generic and bespoke topics. Participation and completion of courses would be able to be monitored to produce usage statistics.

All training courses were evaluated. The importance of evaluation had been recognised in ensuring that better focussed learning and development opportunities could be provided and help define future development objectives.

Levels of attendance at all training events was collated and this information was shared with group leaders.

It was noted that all training sessions would be open to all elected and lay Members.

Officers urged the Governance and Audit Committee to lead by example and encourage their peers to attend as many training events as possible.

Debate ensued and the Chairman indicated that he too would like to be provided with the level of up-take of on-line training

The Vice-Chairman commented on the recent improvements in the quality of training offered by the Council. It was suggested that the difficult customer / conflict management / assertiveness session should touch on on-line situations also.

Officers confirmed that trainers were evaluated also, and changes made where required.

RESOLVED that:-

- (a) the proposed Development Plan be endorsed and supported; and
- (b) the progress and implementation of the Plan be reviewed on an annual basis.

14 NARRATIVE STATEMENT AND UNAUDITED STATEMENT OF ACCOUNTS (GA.07 16/17)

Members received the Statement of Accounts for noting prior to submission to the Auditor on 30 June 2016.

In presenting the report, the Section 151 Officer firstly placed on record his thanks to the Financial Services Team Manager and her Team for the work they had undertaken in completing the Statements. The Accounts had been presented at this stage for information only. There was no longer a requirement for them to receive approval prior to the audit, however Officers considered it best practice to do so. The main statement and cover report had been circulated at the same time as all other committee reports, however the Full Narrative report and Financial Statements

had followed, issued on Friday to Members. It was noted that the overall totals and “bottom line” remained the same. The following headlines were shared with the Committee: -

- The outturn was £798k surplus (page 33) reconciled on page 73.
- Usable reserves increased to £21m from £17.7m in 2014/15
- Pension liability improved from £34.7m to £28.9m (using the assumption as set out on page 86)

With regard to pension liability, as highlighted the previous year, pension liability was calculated annually and did not constitute estimates by the Pension Fund. It was an accounting requirement and on this occasion had produced a welcome reduction in the liability of £5.8m.

The Collection Fund (referred to on page 96) included a provision for Business Rate appeals of £1.3m which gave rise to a deficit of £3.1m on the Business Rate Collection Fund. This would impact on the revenue account in 2017/18.

In responding to a query around process from an Independent Member, it was reiterated that the purpose of the report this evening was to bring to the attention of Members the accounts prior to their submission to the External Auditor, a best practice approach. Members would be provided with the opportunity to question the detail when asked to approve the accounts in the September. Furthermore it was noted that full training would be provided to the Committee in advance of them receiving the Statement of Accounts for approval.

The Committee were reminded of their right to raise any queries with Officers, and were encouraged to do so, in the interim period, and of the right to approach the External Auditor.

The Chairman welcomed the improved pension liability position.

RESOLVED that the report be noted at this stage.

15 DRAFT AGS 15/16 (GA.08 16/17)

Consideration was given to a report which presented the draft Annual Governance Statement for 2015/16 to Members, whose feedback thereon was sought prior to the final version being submitted for approval in July.

The report outlined how the Statement had been developed and the sources of information used in this process. The issues deemed closed from the 14/15 statement were set out in section 5 of the report. Confirmation was sought and received that Members were satisfied that sufficient progress had been made to warrant completion.

The Actions relating to Development and Central Lincolnshire Local Plans Team detailed in 14/15 Statement would be rolled into the 15/16 statement as these areas had not been completed in year.

The proposed issues for inclusion were set out at Section 6 of the report and had been identified through those items listed at 2.1 of the report. Confirmation was sought and received that Members were in agreement with the list of issues at this stage and did not seek amendment to them.

In responding to the Vice-Chairman's comments regarding recent cyber-attacks on other local authorities and the difficulties this created in completing the simplest tasks. Officers gave assurance and confirmed that both the Disaster Recovery Plan and Business Continuity Plan were available to all senior staff in paper versions. Furthermore it was a requirement that they kept a copy of these at home in the event of an emergency.

It was further noted that the Council resolution on 9 May to investigate alternative governance models may be an issue for consideration in the 16/17 AGS.

In light of no suggestions made by the Committee, it was: -

RESOLVED that the report be noted at this stage

92 WORK PLAN (GA.67 15/16)

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

RESOLVED that the work plan as at 13 June 2016 be noted.

The meeting concluded at 7.37 pm.

Chairman