

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 25 July 2023 commencing at 2.00 pm.

Present: Councillor Stephen Bunney (Chairman)
Councillor David Dobbie (Vice-Chairman)
Councillor Baptiste Velan (Vice-Chairman)

Councillor John Barrett
Councillor Mrs Jackie Brockway
Councillor Paul Key
Councillor Mrs Angela Lawrence
Councillor Jeanette McGhee
Councillor Lynda Mullaly
Alison Adams
Andrew Morriss

In Attendance:
Jeanette McGarry Assistant Director People & Democratic Services
Claire Goodenough Head of Internal Audit & Risk Management
Katy Allen Corporate Governance Officer
Natalie Kostiuik Customer Experience Officer
Katie Storr Democratic Services & Elections Team Manager
Andrew Warnes Democratic and Civic Officer

Apologies: Councillor Christopher Darcel
Councillor Sabastian Hague

Membership: Councillor Lynda Mullaly substituted for Councillor Sabastian Hague.
Councillor Paul Key substituted for Councillor Christopher Darcel.

12 PUBLIC PARTICIPATION PERIOD

There was no public participation.

13 MINUTES OF PREVIOUS MEETING

RESOLVED that the Minutes of the previous Meeting of the Governance and Audit Committee held on 13 June 2023 be approved and signed as a correct record.

14 MEMBERS DECLARATIONS OF INTEREST

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

15 MATTERS ARISING SCHEDULE

Concerning the Matter Arising entitled "Update on Housing Risks", whilst acknowledging it was not intended to reflect word for word what Members had previously stated, Members referred to comments they had previously raised such as small room sizes in new developments, garages too small to house cars and requested the action commentary be reflected to up-date this, given it was such a fundamental need in a family homes.

The Chairman undertook to look at the commentary to include reference to the points made and with no further comment, the Matters Arising Schedule was duly **NOTED**.

16 INTERNAL AUDIT QUARTER 4 REPORT 2022/23

Members considered the Internal Audit Quarter 4 Report 2022/23 by Lincolnshire Audit against the 2022/23 annual programme agreed by the Governance and Audit Committee in March 2022. During the period, six assurance audits had been completed.

The completed audits being:-

Levelling Up Fund (Phase 1) - High Assurance
Staff Resilience - High Assurance
ICT Patch Management - High Assurance
ICT Asset Management - Substantial Assurance
Key Control Testing - Substantial Assurance
Risk Management - Substantial Assurance
Customer Relationships Management (CRM) Project - Consultancy

In the presenting report, the Head of Internal Audit and Risk Management highlighted to the Committee the information available within the body of the report. Members were made aware that the CRM project had no recommendations arising, with controls in place. Finally, Members were made aware of local authorities who had issued Section 114 notices, in aid of informing about the risks of poor decision-making processes.

Debate ensued on the report's contents, with Members questioning multiple aspects and providing statements on the report's contents. In reply to a question on removing the well-being Audit from the Plan, the Head of Internal Audit and Risk Management explained that though the audit had been planned for 2022/23, given this was a work area which crossed other with other Lincolnshire local authorities, given the shared Strategy, the planned date did not align with those other local authorities and more joined-up thinking around the timing of this was required. The review had been delayed for these reasons, but its risk profile would continue to be monitored. Concerning the slippages in the NNDR debtor accounts sample, within the key controls audit, it was confirmed these were small and immaterial to the overall outcome, no system failures were identified. Members also learned that the CRM system's audit gave assurance that the information brought into the system,

and the processes used at the time had satisfied the auditors for the purpose and scope of the audit commissioned.

In response to a query on the Section 114 notices, Members were politely reminded that the information in the linked report was from external accountants of the organisation concerned, rather than this Council's auditors. However, the Head of Internal Audit and Risk Management explained that part of the failures was a lack of risk consideration at the outset a failure of good governance procedures resulting in a financial failing. Members also commented that the Councillors would have likely made the decisions in good faith, but that members had to be alert to potential issues, in that any local authority could falter.

In response to a query on the staff resilience risks, specifically working from home, the Head of Internal Audit and Risk Management explained that the actions in the Audit were all agreed and accepted by Management Team, had been given an implementation owner, and had appropriate timescales.

Having been moved and, seconded, on being put to the vote it was unanimously

RESOLVED that having considered the content of the report, no further actions be identified.

17 INTERNAL AUDIT ANNUAL REPORT 2022/23

Members gave consideration to the Internal Audit Annual Report 2022/23. The report aimed to provide a summary of the audit work undertaken over the past year. The report included an opinion on the overall adequacy of and effectiveness of the governance framework and internal control system and the extent to which the Council could rely on it. The report further advised on how the plan was discharged and of overall outcomes of the work undertaken. Finally, it drew Members' attention to any issues particularly relevant to the Annual Governance Statement. The Head of Internal Audit and Risk Management explained that this was the last annual report to be in structured in this way, with the move to use CIPFA guided standards when conducting audits and reviews.

Key messages highlighted to the Committee included the Auditor's overall opinion. For the twelve months ended 31 March 2023, the Council's arrangements for governance, risk management and control framework continued to be strong.

Debate ensued, and Members thanked the team for the work and noted the positive results of the work. In response to a query about the reduction of complaints in the report compared to those indicated in the Annual Voice of the Customer Report 2022/23 (later on the agenda), it was confirmed the complaints referred to in this report were governance related matters, whereas Voice of the Customer covered the organisation as a whole.

In response to a query about recruiting the new Monitoring Officer, Members learned that the position was out for advert, with the application window scheduled to close shortly. The interviews were scheduled for early August, with an appointment to follow shortly thereafter.

Having been moved and, seconded, on being put to the vote it was unanimously

RESOLVED that: -

- (a) having considered the Head of Audit's Annual Report and Opinion for 2022/2023, no further actions had been identified; and
- (b) the Annual Report and the Head of Internal Audit's opinion be taken into account by the Committee, when finalising the Council's Annual Governance Statement 2022/23 at a future meeting.

After the vote, the Chairman thanked the internal audit team for their work, and was grateful for the previous leadership, and Claire's newly formed team.

18 ANNUAL VOICE OF THE CUSTOMER REPORT 2022/23

Members considered the Annual Voice of the Customer Report, which summarised customer feedback from the year 2022/23 and analysed customer contact and the demand data. 2022/23 saw an increase in customer feedback and customer demand when compared to the previous year. The 2022/23 period started in April 2022 when council operations were back to business as usual following the Covid-19 pandemic when changes to our ways of working were required.

Customer demand had increased dramatically across all channels during the first few months of the 2022/23 period due to the implementation of the new recycling service that started in April 2022. This increase in customer contact had been expected as residents got used to the new recycling arrangements which included the introduction of the new purple lidded bin for paper and card collections, new rules on what would be accepted in the blue recycling bins and a new no side waste policy. The tagging and rejection of contaminated purple lidded and blue bins also commenced in April 2022.

As with customer demand, it had been expected to see fluctuations in customer satisfaction and feedback during the roll out of the new recycling service and changes to policy. Complaints increased in May 2022 and customer satisfaction decreased before improving from August 2022 onwards.

Debate ensued, and Members made multiple queries about waste collection and bins complaints and the contents of the report. In response to a question about reporting missed bin collections, Members learned that the Authority recorded missed bins, which were reported and forwarded to the Waste Services team but not as formal complaints. The Officer explained further, the circumstances that would lead to an investigation into such a matter when the action would be recorded as a complaint. A first-time tag response would not automatically be pushed as a complaint unless requested. Missed bins, as measure in their own right, were reported through Performance and Delivery. Some questioned whether this was correct.

In response to further questions on waste and side waste, Members learned that if the refuse collectors failed to return to a missed bin five days after it was meant to be collected, then the issue become a recorded complaint and could be subsequently reviewed. It was subsequently suggested that missed bin numbers could be reported to the Committee in the future. In a later set of queries, Members learned the same processes were applied for

missed sack collections.

In a query about planning enforcement knowledge and the publishing of responsibilities of the team to the general public, the Chairman suggested that further work be facilitated with the Planning Enforcement team to publicise the work of enforcement actions to promote good governance activity.

In response to a question about a complaint against the Homelessness team and the newly implemented charter, the Customer Experience Officer explained that the Charter set out what participants could expect, the timeframes, and the expected customer behaviour. The protocol included a step for the team to contact the homeless individual.

Having been proposed and seconded, upon taking the vote, it was unanimously

RESOLVED that the contents of the Annual Voice of the Customer Report for 2022-23 be welcomed and the progress made by the Council in improving the customer experience over the last 12 months be noted.

19 ANNUAL COUNTER FRAUD REPORT 2022/23

Members gave consideration to the Annual report on identified fraud during 2022/23 and the proactive measures undertaken to counter fraud during the year, and actions for the following year. The report covered a summary of the counter fraud work carried out within the year. This was a summary of the work rather than the full list of detailed work. It summarised by providing key definitions and a breakdown of the cost of fraud to the public purse.

Work carried out in 2022/23 included but was not limited to:

- Participating in all National Fraud initiative testing
- Revenues and Benefits Counter Fraud work
- Cyber Crime prevention.

The details of which were listed in sections 4 and 5. The Authority's work programme for 2022-23 was provided in section 7.

A further report would come to Members in the winter when the Economic Crime Bill became law. This would require a re-write of the Authority's policies and strategies to ensure they were compliant with future changes and obligations. Further information was scheduled to be provided during the Members Audit committee training in September 2023.

The National Fraud initiative was a large national data matching exercise controlled by the Cabinet Office whereby the Cabinet Office requested data sets from Local Authorities, which included supplier data, Council Tax Data, Business rates data and Employee Data. This data was then mined and matched across the public sector creating high quality intelligence for Government on tax evasion, Healthcare Fraud and Benefit Fraud.

The report also requested, that in line with good governance and best practice, a full fraud risk assessment be undertaken in Q2 with the outcome of a fraud action plan and specific

fraud risk register to reported to Committee at its November meeting. Up until 2023/24 the Council subscribed to a Counter Fraud service provided by Assurance Lincolnshire (Lincolnshire Fraud Partnership). This service provided support to County Wide fraud prevention exercises and provided guidance and advice. This service was no longer available from the County Council although some exercises would continue. It was essential that West Lindsey District Council procured a programme to replace that service to ensure that all duties and responsibilities could be fulfilled.

In order to implement the proposed work, the Authority would need to request funding from earmarked reserves as detailed in in the report. Subject to approval by the Committee the report advised that procurement would be undertaken by the S151 Officer used a supplier listed on the Crown Commercial Services Audit and Assurance Framework. The risk assessment was considered to be a key tool in enabling the Council to focus its resources on the maximum level of counter fraud activity, achievable as a Local Authority with limited resources. The amount required equated to the market rate for 10-15 days consultancy time and disbursements.

Debate ensued, and Members recognised that the Council had a number of systems in place to prevent and detect fraud but queried what safeguards where in place when those systems were attacked or needed to be taken offline given the vast majority of information and system were now digital. In demonstrating the point reference was made to problems other large organisations had experienced when finding themselves in that position.

By way of reassurance Members were advised that West Lindsey District Council was part of a Lincolnshire wide emergency planning group which met regularly and undertook emergency planning scenarios, testing procedures for such situations, at a District, County, Regional and National level, depending on the scenario. Only in the last few months had there been an extensive exercise in response to national news of potential power cuts, all local agencies had attended, including health, police and local authorities. Information learned through planning exercises helped formulate an emergency plan, in the event an emergency realised.

Members indicated the robust answer gave great assurance and indicated that it would be useful to receive further information on such emergency planning exercises via a report to Members Bulletin.

Concerning tackling cybercrime, the Authority received constant potential attacks, but this was managed with robust defences plans, policies procedures and software. Staff were regularly reminded of the risks to systems and how to keep their systems as safe as possible, this practice would now be extended to Members on a more regular basis too.

Members were assured that the level of resources would be considered in the follow-up report later in the civic year following the new legislation, which would consider the budgeting and minimising and mitigating risks.

Members sought an understanding of when within the process a successful, or otherwise cyberattack would be reported as a crime and were advised that the Authority's duty in the matter was to report any successful cybercrime against the Authority to the Information Commissioners Office (ICO) and Action Fraud, as opposed to directly to the Police, noting however that Action fraud was a part of the Police Service on a national scale its primary

focus being fraud, all institutes including banks were under similar obligations.

In reply to questions on the internal audit's capacity to undertake the fraud risk work on this occasion, and in response to suggestions that the agreed Internal Audit plan could potentially be reworked to accommodate it. Members were advised that approved plan focused on internal audit work and there were not currently the resources within the team to undertake the work within then timescales needed. The Head of Internal Audit and Risk Management advised that consideration was being given to ensuring that the Team could take on more local government fraud work in the future.

Having been proposed and seconded, upon taking the vote, it was unanimously

RESOLVED that:-

- a) the contents of this report be endorsed and the ongoing counter fraud work to protect the Authority's interests be supported;
- b) a full Counter Fraud Risk Assessment be procured and carried out in Quarter 2 2023-24 with the results reported back to the November 2023 Governance and Audit Committee.

20 WORKPLAN

The Monitoring Officer stated that the 26 September 2023 meeting might require a break in the meeting and emphasised that the Statement of Accounts training was likely to be held before the meeting. The Chairman explained that the Committee was to consider the Member Development Annual Report at the same meeting.

With no further comment, the Workplan as set out in the report was **NOTED**.

The meeting concluded at 3.01 pm.

Chairman