

## 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 16 April 2024 commencing at 2.00 pm.

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

Councillor Christopher Darcel  
Councillor Roger Pilgrim  
Alison Adams  
Andrew Morriss

**In Attendance:**

Emma Foy	Director of Corporate Services and Section 151
Lisa Langdon	Assistant Director People and Democratic (Monitoring Officer)
Peter Davy	Financial Services Manager (Deputy Section 151 Officer)
Ellen King	Policy and Strategy Officer – Corporate Strategy and Business Planning
Rashpal Khangura	External Auditor - KPMG
Rob Barnett	Head of Internal Audit - RSM
Aaron Macdonald	Client Manager - RSM
Katie Storr	Democratic Services & Elections Team Manager
Maisie McInnes	Democratic and Civic Officer

**Apologies:** Councillor Mrs Jackie Brockway  
Councillor Sabastian Hague  
Councillor Mrs Angela Lawrence  
Councillor Jeanette McGhee

### 57 PUBLIC PARTICIPATION PERIOD

There was no public participation.

### 58 MINUTES OF PREVIOUS MEETING

**RESOLVED** that the minutes of the previous meeting held on 23 January 2024 be approved and signed as a true and accurate record of the meetings.

### 59 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interest.

## **60 MATTERS ARISING SCHEDULE**

The Democratic and Civic Officer highlighted the two completed actions from the matters arising schedule.

With no further comment, the Matters Arising Schedule was duly **NOTED**.

## **61 EXTERNAL AUDIT STRATEGY MEMORANDUM (PLAN) 2023/24**

The External Auditor presented the draft External Audit Plan and Strategy for the Year Ending 31 March 2024 and highlighted the following points:

- KPMG had been newly appointed as the External Auditor by Public Sector Audit Appointments (PSAA) and had drafted the plan in line with the NAO Code of Audit Practice.
- The materiality for the financial statements was 2% of gross expenditure, £900k which was in line with other local authorities.
- In terms of valuation of land and buildings, the last revaluation was reported at £31.5m. The Council had 7 investment properties, commercial and industrial units which were required to be valued on an annual basis.
- There was a requirement to consider the Council's post-retirement benefit obligations and the auditors would review the Lincolnshire Pension Scheme, its assets and liabilities, net position, and appropriateness of the actuarial data.
- Management override controls would be tested as a standard audit to determine the risk of fraud. The external auditor assured there had not been any issues identified but they would review the ledgers used to produce financial statements and run analytic testing for anomalies.
- The audit fees were contained in the report and were set by the PSAA, and the external auditor concluded the independent opinion of KPMG.

The Chairman thanked the external auditor for his report and invited members to make comments and ask any questions.

Members asked a question relating to the materiality rate of 2% and asked how this was determined. The external auditor responded that they had considered the outcome of the previous audit and other factors to inform their judgement as the new External Auditors.

Members asked for assurance relating to management controls and journal entries. The external auditor explained that corrections or other entries could be made to revise journals and the accounting systems did allow for this but there were no concerns, and this was a normal testing process as part of the External Audit.

Members questioned the audit fees and the Section 151 Officer explained to members that the new value had been imposed by the PSAA and had been included in the budget which was approved by Council in February.

Members asked a question relating to financial risks associated with geopolitics. The External Auditor explained that geopolitical factors would impact the value of the Pension Scheme and their investments.

Members asked if the Council would be required to do climate related reporting as part of the External Audit process. The response was that it was envisioned that it would be required in the future and metrics relating to climate reporting would form part of the audit.

**RESOLVED** that the External Audit Strategy Memorandum for 2023/24 be approved.

## **62 INTERNAL AUDIT DRAFT ANNUAL PLAN 2024/25**

The Head of Internal Audit RSM, introduced himself and his colleague to Members and explained their approach to Internal Audit, and how they intended to use all sources available to them to gain insight such as risk registers, conversations with the Management Team, Officers, and Members, as well as the culture of the Council and any organisational changes. He explained the Internal Audit Draft Annual Plan would be a living document, and any changes would require Committee approval.

The Client Manager RSM highlighted the key items on the Internal Audit Annual Plan and explained the rationale for the audits:

- An IT Operations related audit was on the plan due to the nature of technological improvements and assurances needed in this area to ensure business as usual.
- Project and Programme Management was a significant area with the volume and size of ongoing projects. It would also benefit the Council by reviewing these and developing learning for future projects.
- There would be an Emergency Planning audit which would test the arrangements in place to minimise disruption in the instance of a critical incident.
- A combined assurance audit would take place to give the Council assurance, and this would build on from previous audit work.

Members thanked RSM for the draft Internal Audit Annual Plan and hoped they would have a good rapport with Officers. Members felt the IT audit would be an important piece of work, with the shared IT facilities with North Kesteven. Members asked if there was flexibility with the Internal Audit Plan to identify other items as necessary. The Head of Internal Audit RSM responded that it would be a working document and if there were more pertinent items, they would be able to prioritise these and remove any items from the plan as requested from the Governance and Audit Committee.

**RESOLVED** that the draft Internal Audit Plan 2024-25 be approved.

## **63 COMBINED ASSURANCE REPORT 2023/24**

The Section 151 Officer presented the Combined Assurance Report and summarised that the review was facilitated by Internal Audit who worked with teams to review the strategic and operational risks, consider any further risks and to have discussions and provide assurance. The process allowed for junior Officers to be part of the process and make assumptions about their respective areas. The Management Team were overall accountable for the Corporate Risk Register and the reporting of this. In terms of the overall assurance and direction of travel, the green rating had moved up from 57% to 65%, and the review highlighted risks associated with Project Management. The report detailed various service areas of the Council and the overall level of assurance, emerging risks and other relevant comments relating to governance.

The key projects highlighted in the report were as follows:

- The regeneration of RAF Scampton
- IT Systems
- Customer Services out of hours provision
- Improvements to Contact Centre Technology
- The Enterprises Resource Planning (ERP) System

The Chairman thanked the Section 151 Officer for the report and invited members to ask questions.

Members made comment on the accessibility of the report as the green text was difficult to read. The Section 151 Officer explained they would relook at the formatting and recirculate to members outside of the meeting.

Members asked a point of clarification relating to the RAG rating system with the green being the factors the Council could control. The Section 151 Officer confirmed this and explained the Council would continue to look at things within its control and ways to improve overall assurance going forward.

Members questioned the failure to deliver food waste on time and hoped that progress would be made in this area. The Section 151 Officer shared that procurement for the purchase of vehicles to deliver this initiative was being investigated and a report would be presented to Corporate Policy and Resources Committee to look into the financial detail and to Prosperous Communities Committee to review the operational matters surrounding this. The legislation would be changing from 2025 and Councils would be required to deliver on minimising food waste.

Members requested that an update on RAF Scampton and learning from the project be brought to the Governance and Audit Committee for consideration.

**RESOLVED** to accept that the findings illustrated the Council's governance framework was operating effectively and that the report be approved .

## **64 ACCOUNTS CLOSEDOWN 2023/24 ACCOUNTING MATTERS**

The Financial Services Manager presented the report on the Accounts Closedown 2023/24 which set out the accounting policy, actuary assumptions for the Pension Fund, materiality levels and any associated risks. The timetable to complete was similar to last year, and the draft accounts would be ready by 31 May 2024, and it was anticipated the accounts would be audited by 21 September 2024. The proposed dates had been agreed with the External Auditor. Guidance from CIPFA had been released and changes from 2022/23 were in the report and there were no major changes to note. The materiality levels had been supplied by External Auditors KPMG as discussed earlier in the meeting. The accounting policies had been reviewed and the risk assessment was at appendix 3 of the report.

Members asked if there were any foreseeable risks that could impact the deadline dates. The Financial Services Manager explained that resources and staffing could have a potential impact, but this had been mitigated by Officers being trained to cover the various areas so in this instance they could stand in and support. There were also geopolitical and other market factors that could impact the Pension Fund valuation.

The Chairman thanked the Section 151 Officer, Financial Services Manager, and the finance team for their hard work.

**RESOLVED** That

- a) the proposed Accounting Policies (included at Appendix 1) be approved
- b) the pension assumptions (Appendix 2) had been considered and commented on;
- c) the risk assessment (Appendix 3) had been considered and commented on;
- d) the proposed materiality levels, as included in section 5 to the report, be approved;
- e) the key closedown dates at section 7 had been considered and commented on;
- f) the main accounting changes for 2023/24 and onwards as shown at section 2 be accepted

**65 YEAR END REVIEW OF STRATEGIC RISKS 2023/24**

The Monitoring Officer presented the Year-end Review of Strategic Risks 2023/24 report and summarised that Members were asked to consider additional risks and if the current controls were robust. The report would be brought to the Governance and Audit Committee on a quarterly basis, and detailed strategic risk for the Council and its priorities Our Council, Our People, Our Place and Overarching themes. Strategic risks were considered by the Management Team monthly, and actions would be updated accordingly. There were two changes for Members to note, there was a risk due to the inability to set a sustainable balanced budget for 2025/26 and a new risk relating to responding to the impact of extreme weather due to the change in environmental conditions. The Monitoring Officer thanked the Corporate Governance Officer for her hard work and concluded the report.

Members thanked the Section 151 Officer for the Risk Management training that Members received prior to the Committee Meeting and thanked the Monitoring Officer for including the extreme weather risk and looked forward to seeing improvements in this area.

**RESOLVED** that having reviewed the Strategic Risk register, noting the comments made, no additional strategic risks be included; and current controls and proposed actions were considered sufficiently robust.

**66 MONITORING OFFICER ANNUAL REPORT 2023/24**

The Monitoring Officer presented their Annual Report on Governance and explained the report detailed an overview for 2023/24 and asked Members to consider the information in the report relating to the commercial and economic growth of West Lindsey, the Code of Conduct and handling of Complaints and detailed support given to Parish Councils. The report invited Members to recommend the report to Full Council for their consideration. Members were also asked to note the pending Constitutional Review and new appointments

to the Independent Remuneration Panel (IRP). The Monitoring Officer explained the Council's Constitution remained a robust framework, and a comprehensive review would be brought to the Governance and Audit Committee in the Autumn.

Members were pleased to see comments on cyber security contained in the report and asked what powers the Council had to support Parish Councils regarding complaints. The Monitoring Officer explained that the Council offered guidance and support with complaints as an independent mediator. The Council was not able to dismiss Councillors and provided a mediation and resolution approach and provided expertise and knowledge to support Parish Councils.

**RESOLVED** that:

- a) The information contained with the Monitoring Officer's Annual Report be received and **RECOMMENDED** to Annual Council for endorsement.
- b) Noted and endorsed the intentions in respect of the pending Constitutional Review.
- c) Agreed that the governance outlined in Section 2 of the report, in respect of managing Commercial and Economic Growth, provided assurance that the council is taking appropriate mitigating measures against the risks identified in its commercial approach.
- d) The following appointments be **RECOMMENDED** to Council:
  - the appointment of Mr Richard Harvey as a Member of the Independent remuneration Panel until Annual Council May 2028 (Section 5.1 of the report) be approved.
  - the appointment of Mr Andrew Middleton as an Independent Person, assisting with Code of Conduct issues, until Annual Council May 2028 (Section 5.2) be approved.
  - the appointment of Parish Councillor Elizabeth Hillman as Parish Councillor Representative on the Standards Committee until Annual Council May 2028 (Section 5.3) be approved.

**67 UPDATE ON PROPOSALS TO HOLD AN LGA CORPORATE PEER CHALLENGE IN JANUARY 2025**

The Policy and Strategy Officer presented the update report on West Lindsey's next LGA Corporate Peer Challenge. The previous Corporate Peer Challenge took place in January 2020 and the Council was due to take part again in 2025, and every 5-year period.

There were five core areas that the Corporate Peer Challenge would focus on:

- Local Priorities and Outcomes
- Organisational and Place Leadership
- Governance and Culture
- Financial Planning and Management

- Capacity for Improvement

Members would be kept informed with any other requests from LGA and site visit timing, as it was expected that the LGA would observe Committee meetings and interview Members and Officers. The current plan was for the LGA to hold the Corporate Peer Challenge in January 2025, but this could be delayed due to the General Election.

Members were pleased to see the Council had been invited to take part and felt it would be a valuable experience.

**RESOLVED** That proposals for West Lindsey District Council to undergo a Corporate Peer Challenge in January 2025 be confirmed

**68 WORK PLAN**

The Democratic and Civic Officer explained there would be a review of the work plan which would take into account the Constitutional Review, Risk Management, and items from the Internal Audit Work Plan.

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

The meeting concluded at 3.15 pm.

Chairman .....