

## **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 23 January 2024 commencing at 2.00 pm.

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

Councillor Christopher Darcel  
Councillor Sabastian Hague  
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)
Claire Goodenough	Head of Internal Audit & Risk Management
Cliff Dean	ICT Team Manager
Katy Allen	Corporate Governance Officer
Katie Storr	Democratic Services & Elections Team Manager

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

### **45 PUBLIC PARTICIPATION PERIOD**

There was no public participation.

### **46 MINUTES OF PREVIOUS MEETING (S)**

**RESOLVED** that the minutes of the previous meetings held on 26 September 2023, 28 November 2023, and the reconvened meeting on 28 November 2023, be approved and signed it as a true and accurate record of the meetings.

### **47 MEMBERS DECLARATIONS OF INTEREST**

Councillor S. Hague declared a non-pecuniary personal interest as he had previous employment consulting with KPMG.

#### **48 MATTERS ARISING SCHEDULE**

The Democratic Services and Elections Team Manager explained that there were no points to raise from the matters arising schedule. With no further comment, the Matters Arising Schedule was duly **NOTED**.

#### **49 AUDITED STATEMENT OF ACCOUNTS 2022/23**

The Financial Services Manager presented the audited statement of accounts for 2022/23 and was pleased to report that the audit had been finalised and signed off by Mazars. Members had received the statement of accounts at the Governance and Audit Committee meeting on 26 September 2023. There was one outstanding item which was the audit of the Lincolnshire County Council pension fund, and this had now been completed. As highlighted at the previous meeting, the accounts had received an unqualified opinion and there were no material misstatements. The Financial Services Manager concluded the report and invited Members to ask any questions.

Members discussed the delay in signing off the 2022/23 accounts due to the outstanding audit of the pension fund and asked if anything could be done to mitigate any delays in the future, such as communication from the pensions team at an earlier stage. The External Auditor responded that there were unexpected resourcing issues due to a member of the pensions team on bereavement leave which caused the delay. The Vice-Chair expressed their understanding and felt there was no further action necessary given the circumstances.

Members questioned the variations in the future capital investment plans table on page 47 of the report relating to Our Place with £15 million reported for 23/24 reducing to £50,000 in 26/27. The Section 151 Officer responded that Members approved the capital programme which included two significant grant streams, the levelling up funding and the UK shared prosperity grant funding. The council had received no further grant funding, and this had been reflected in the total allocated.

Members referred to the Local Government Pension Statement Asset Categories table on page 116 of the report pack and made comments regarding the figures and fall in value of assets. The External Auditor explained that the information was subject to further audits and assurances had been given for the pension report.

Members asked a question surrounding the reserves in the balance sheet. The Section 151 explained that any changes in the pension valuation would affect the reporting of reserves.

#### **RESOLVED**

- 1) That Members reviewed the attached Statement of Accounts and confirmed that there were no concerns arising from the Financial Statements that needed to be brought to the attention of the Council.
- 2) That Members approved the Statement of Accounts for 2022/23.
- 3) That Governance & Audit Committee permitted the Section 151 Officer and the Chairman of this Committee to certify the letter of representation to the External Auditor, Mazars

## **50 EXTERNAL AUDITOR'S ANNUAL REPORT (YEAR ENDED 31ST MARCH 2023)**

The External Auditor presented the annual report for the year ending 31 March 2023, and shared that the audit opinion was unchanged, that being to issue an unqualified audit opinion. The only change since the previous meeting was a further 200k misstatement based on the results of the pension audit fund, due to valuation issues of their investment assets. There were no significant weaknesses identified by the External Auditor in the Council's governance arrangements. He thanked the finance team for their hard work and invited Members to ask any questions.

Members discussed the report and the chair passed on his thanks to Mazars.

**RESOLVED** That the contents of the External Auditor's annual report for 2022/23 be accepted.

## **51 INTERNAL AUDIT QUARTER 3 REPORT 2023/24**

The Head of Internal Audit presented the update report for quarter 3 which detailed the progress made and work undertaken to date on the Internal Audit work plan. The team had completed 79% of the plan and there were four audits in progress relating to procurement, performance management, ICT incident management and levelling up fund phase 2. There was also a combined assurance audit that had been requested by Management. The outstanding key controls audit would be taking place at the end of January, and this would feed into the Head of Internal Audit's opinion on governance, risk and controls. In agreement with the Director of Corporate Services, the Safeguarding Policy had been removed from the Internal Audit plan and more time had been allocated to Financial Key Controls testing with a focus on cash and cash receipts. There were three outstanding medium actions relating to key controls and contract management. The Head of Internal Audit gave assurance that it was anticipated the work would be completed by the end of March 2024 and would be brought back to the next Governance and Audit committee meeting.

Members discussed storage and back up of data in the instance of a cyber security threat. Members asked for assurance surrounding IT equipment and cyber security. The ICT Manager explained the nature of cyber-attacks and the impact of wars and conflict internationally. The Council was continuing to change measures to counteract cyber security threats. Members were pleased to see the actions being taken in line with the 10 steps guidance from the National Cyber Security Centre. The ICT Manager shared that all staff had received training and were the council's first line of defence in any instance. There were also plans to move away from passwords to facial recognition technology to enhance security.

Members asked questions relating to the percentage of completed internal audit work and the overdue medium actions. The Head of Internal Audit responded that the percentage demonstrated the work completed which was based on the days and time allocated to complete audit work. The Section 151 Officer added that some of the incomplete actions related to key control testing and a meeting had taken place with a software company and consultants were providing advice on some issues to enable the actions to be closed down.

**RESOLVED** that having not identified any further actions required the Internal Audit Quarter 3 report be received.

## 52 DRAFT TREASURY MANAGEMENT STRATEGY 2024/25

The Financial Services Manager presented the report and explained that Members were being asked to review the draft Treasury Management Strategy, the prudential indicators, Minimum Revenue Provision Policy 2024/25, and Capital Investment Strategy before their submission to Council for approval as part of the budget setting process in March. The Strategy had been written against the backdrop of economic uncertainty in line with the inflation rates from last year. The council's treasury position was impacted by this with its level of investments and interest rates. It was predicted that rates would start to fall in 2024 and become more stable in 2025/26, as such long-term borrowing was not advised. The Strategy incorporated the requirements of the new CIPFA code for treasury management.

Members asked a question surrounding the reduction in capital expenditure and the Financial Services Manager explained that this figure would change with future investments. The Section 151 Officer explained that there had been significant contributions to the Council over the last 12-15 months for a residential home and a large proportion had been allocated for this as well as funding for the disabled facilities grant that had been approved by Members at Council.

### **RESOLVED** that:

- a) having reviewed, commented on and scrutinised the Treasury Management Strategy, Prudential Indicators and Minimum Revenue Provision (MRP) Policy 2023/24, it be **RECOMMENDED** to Council for approval;
- b) the Committee had reviewed, commented on and scrutinised the Capital Investment Strategy in conjunction with the Treasury Management Strategy.
- c) delegated authority be granted to the Director of Corporate Services (Section 151 Officer) in consultation with the Chair of the Governance and Audit Committee to make any changes to the Capital Strategy and Minimum Revenue Provision (MRP) Policy and Prudential Indicators prior to the final strategy being presented to Council in March.

Note: - Cllr Velan did not vote on the above item, as he had not undertaken the required mandatory training.

## 53 QUARTER 3 STRATEGIC RISK REPORT

The Monitoring Officer presented the strategic risks reported as of December 2023 and sought Committee's direction as to whether they considered the current controls and actions were deemed robust. The strategic risk was categorised in line with the Council's corporate themes, our council, our people, our place, and overarching risks. The risks were detailed in appendix 1 and Members were advised that risks were reported to the management team monthly as part of the council's monitoring arrangements. One strategic risk had been added relating to IT information governance since the last report in September. The Monitoring Officer concluded the report and passed on her thanks to the Corporate Governance Officer for her hard work.

Members praised the report and echoed thanks to Officers for their hard work. Concern had been raised leading into the meeting regarding the likelihood and impact scores afforded to the risk entitled “Inability to deliver our Climate Change ambitions and not deliver net zero carbon emissions by 2050” The Section 151 Officer outlined discussions with the relevant Officer indicating this would be re-submitted to Management Team, but given the recommendations on the report the Committee could formally resolve to make that request of Management Team too. On that basis it was moved and seconded that that the management to be requested to review the likelihood and risk score attached to the sustainability action, on being put to the vote the additional action was supported.

Members requested opportunity to discuss the details of Scampton risk in exempt session.

**RESOLVED** That having reviewed the risk register, its contents be accepted but Management Team be requested to: -

- 1) formally consider reviewing the likelihood and risk score attached to the sustainability action; and
- 2) in light of the information heard in closed session in respect of Scampton, Management Team be requested to review the likelihood, risk score and all risks attached to the Scampton action

#### **54 WORK PLAN**

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

#### **55 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.

#### **56 VERBAL UPDATE ON INTERNAL AUDIT SUPPLIER FOR 2024/25**

Further to the update received by Committee at their scheduled meeting on 28 November.

The Section 151 Officer confirmed that procurement of a new internal audit service was progressing well. Light proposals had been received from two suppliers and Officers were confident an appropriate provider would be in place for 1 April 2024.

The meeting concluded at 3.01 pm.

Chairman .....