

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall on 11 June 2024 commencing at 2.00 pm.

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

Councillor Mrs Jackie Brockway
Councillor Christopher Darcel
Councillor Sabastian Hague
Councillor Roger Pilgrim
Andrew Morriss

In Attendance:

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| Emma Foy | Director of Corporate Services and Section 151 |
| Peter Davy | Financial Services Manager (Deputy Section 151 Officer) |
| Lisa Langdon | Assistant Director People and Democratic (Monitoring Officer) |
| Katy Allen | Corporate Governance Officer |
| Ele Snow | Senior Democratic and Civic Officer |
| Maisie McInnes | Democratic and Civic Officer |

Apologies: Councillor Baptiste Velan
Councillor Mrs Angela Lawrence
Councillor Lynda Mullally
Alison Adams

Visiting Members: Councillor Matthew Boles

69 PUBLIC PARTICIPATION PERIOD

There were no public speakers.

70 MINUTES OF PREVIOUS MEETING

RESOLVED that the minutes of the previous meeting held on 16 April 2024 be approved and signed as a true and accurate record of the meetings.

71 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interest.

72 MATTERS ARISING SCHEDULE

Members heard that there were two additions to the Matters Arising Schedule following from actions raised at the previous Committee meeting. These related to the format of the Combined Assurance report and a future review of RAF Scampton which would be brought to the Committee.

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

72a Q4 INTERNAL AUDIT REPORT

The Section 151 Officer presented the Q4 Internal Audit Report on behalf of the Head of Internal Audit and Risk Management. Members heard that the Internal Audit Plan was 99% complete as of 12 April 2024, and the audits were now 100% complete. Three audit reports had been issued on Procurement, ICT Incident Management, and the Levelling Up Fund Phase 2. The ICT and Levelling Up audits were rated substantial, and the Procurement report had received a limited opinion. There were two assurance reports that were in the draft report stage relating to Performance Management and Financial Key Controls.

The Section 151 Officer assured Members that the Procurement report was the first and only limited assurance review for West Lindsey. The Council had requested for this area to be revisited by the new Internal Audit team in 2024/25 to ensure actions had been implemented and progress made. Some of the issues raised in the report related to updating the Council's Contract and Procurement Procedure Rules (CPPRs) in line with the new Procurement Act 2023, ensuring that resources were in place, compliance with procedure rules, and document management

Members discussed the report and felt that the limited assurance rating was inappropriate and too severe a rating given the ongoing work planned between the Council and Procurement Lincolnshire. Members questioned if Officers had challenged this rating and the Section 151 Officer responded that this was challenged during the audit process and the Council were busy implementing recommendations, making improvements and working on other outstanding audits. Members asked a question surrounding assessing cybersecurity and the Section 151 responded the Council was not ISO 27001 compliant yet and were not able to test controls at present and the statement had been amended to reflect this position.

The Chairman requested the Director of Operational and Commercial Services be invited to the next meeting of the Governance and Audit Committee to provide assurance in the Council's Procurement processes. The Chairman also asked Internal Audit (RSM) could report all audit actions within the report, low, medium, and high, with explanations included for Member's understanding. Aaron Macdonald, RSM Manager confirmed this could be included in Internal Audit reports going forward.

RESOLVED that Members considered the content of the report and identified any actions required.

72b INTERNAL AUDIT ANNUAL REPORT 2023/24

The Section 151 Officer presented the Internal Audit Opinion for 2023/24 on behalf of Lincolnshire Internal Audit. The Head of Internal Audit had signed off the 2023/24 audit and the report summarised the role of Internal Audit and their approach to the audit plan. The Internal Auditors (Lincolnshire Assurance) were satisfied that sufficient assurance work had been carried out, and controls were adequate and effective, and had been demonstrated to be working in practice. There was one limited assurance audit, and it was acknowledged that it did not impact the governance controls of the Council. The limited assurance Controls are substantial and audit testing have demonstrated working in practice. The limited audit on Procurement was being taken seriously by the Council, and recommendations were being implemented.

The Chairman thanked Officers at Lincolnshire Assurance for the positive report.

Members discussed the report and felt the limited assurance rating was inappropriate and the definition of limited provided in the report was not a true perception of the Council as there were no governance concerns.

RESOLVED that the

- 1) Head of Internal Audit's Annual report and opinion for 2023/24 be considered and any required actions identified.
- 2) That the Annual Report and the Head of Internal Audit's opinion be taken into account when considering the Council's Annual Governance Statement 2023/24.

72c YEAR END TREASURY MANAGEMENT OUTTURN

Members heard from the Financial Services Manager (Deputy 151 Officer) that the Council had complied with legislative and regulatory requirements for treasury management, and there were no breaches of the prudential indicators to report. The Annual Treasury Management Report 2023/24 outlined the statutory requirements and provided an update for Members on the progress made against the Council's original Treasury Strategy approved by Council in March 2023. The report had been written against the economic backdrop of high inflation at the beginning of the year which was now decreasing and high interest rates. It was a challenging year for investing, with short-term investments being used over long-term investments given the financial uncertainty with interest rates.

The Financial Services Manager (Deputy 151 Officer) highlighted section 4 of the report regarding debt maturity and the need for reborrowing to take place over the short-term. The team had closely monitored cashflow and borrowing over the annual period. The Council's capital financing requirement had reduced in 2023/24 as MRP had been applied. West Lindsey had overachieved on its investments over the period, with a total of £1.144m achieved and a budget of £577k.

Members praised Officers for the great report and asked if it was good practice to pay back a certain amount of debt. The Financial Services Manager (Deputy 151 Officer) explained minimum revenue provision (MRP) was based on the level of debt and the Council was

required to make calculations and set aside provision for this in line with statutory requirement.

RESOLVED that the contents of the report were reviewed, commented on and scrutinised by the Committee.

72d UNAUDITED STATEMENT OF ACCOUNTS 2023/24

Prior to the Officer's presentation, a copy of the report was circulated to ensure the correct version of the report and recommendation was considered by Members.

Members heard from the Financial Services Manager (Deputy 151 Officer) that the draft Statement of Accounts for 2023/24 had been prepared and the Governance and Audit Committee were responsible for approving the report. Members would be provided with training prior to the meeting on 24 September 2024, when the final audited accounts would be brought to Committee. The draft Statement of Accounts was published on the Council's website on 31 May 2024 and the audit of the accounts was due to be completed in September. The report highlighted the positive use of Council expenditure throughout the year and key projects being delivered in the Levelling Up Fund. Notably, the Council was holding £3.6m of Capital Grants for schemes to be delivered during 2024/25. The general fund had been reduced to £3.28m and there was an increase in earmarked reverses. The Council had a robust Medium-Term financial strategy and there were no material uncertainties.

The Financial Services Manager (Deputy 151 Officer) concluded his report and thanked the finance team for their dedication and hard work, especially during March and April to meet the 31 May deadline.

Members expressed concern regarding the length of the statement of accounts document, which had doubled in size from the previous year's Statement of Accounts. Members asked the rationale for this and if this was due to CIPFA and regulatory guidance. Members made comment to the specialist knowledge required to understand the financial detail in the Statement of accounts report and their role on the Committee approving the report. The Section 151 Officer confirmed that the report was produced in line with CIPFA guidance, and the report included more photographs as previously requested by members and included the Council's Annual Governance Statement. She explained to Members that their role was not to have specialist knowledge of the accounts, but to scrutinise the governance arrangements in place and KPMG were to advise Members and provide assurance. Members would have a private meeting with KPMG, the Council's external auditors, prior to the September meeting.

The External Auditor, KPMG explained to Members that their role was to gather assurance from various sources on financial processes used to produce the Statement of Accounts. The External Auditor would produce reports detailing any risks and errors identified in the Statement of Accounts, as well as any control deficiencies and other observations to inform Members to help with their decision-making. The External Auditors also had the power to contact the Chairman of the Governance and Audit Committee with any concerns, and they had the opportunity to hold meetings with Members bi-annually, in addition to attending Committee meetings.

Members suggested that version variations of the Statement of Accounts be produced so that everyone had the opportunity to read and understand the report. Members questioned the decrease in Pension liability and asked for clarification from Officers. The Financial Services Manager (Deputy S151 Officer) explained that the reduction in liability was the biggest movement on the Council's balance sheet. It was anticipated that investment returns, the GILTs market and economic climate had led to changes in liability assumptions. The next review of the Pension Fund could see payment adjustments being made and any changes would be updated to the Governance and Audit Committee.

Members asked for assurance regarding the collection of council tax and any monies owed to the Council. The Section 151 Officer explained that there was concern with the decline in the collection rate of council tax, and that there could be a serious financial implication for West Lindsey, Lincolnshire County Council, and the police. There was a revised implementation plan to improve performance in this area. A report would be brought back to the Governance and Audit Committee, as well as the Overview and Scrutiny Committee and Corporate, Policy and Resources Committee.

The Chairman read aloud the recommendation for Members and announced there would be mandatory training for Members before the September Committee Meeting on the Statement of Accounts. The Chairman suggested a working group consisting of a few Committee Members to review the Statement of Accounts.

RESOLVED that the attached Unaudited Statement of Accounts 2023/24 be pre-scrutinised by Members and any comments referred to the Section 151 Officer and the Council's external auditors, KPMG.

72e DRAFT ANNUAL GOVERNANCE STATEMENT

The Section 151 Officer presented the draft Annual Governance Statement at explained the process to Members, who would be able to provide feedback on the report, and the report would be reviewed, and an amended final report would be brought back to Committee in September. She summarised the key changes and updates:

- The governance framework and risks had been updated, as well as key achievements to reflect the successes of 2023/24.
- The Internal Audit opinions had been reviewed and revised.
- The governance action plan was updated to reflect the key governance risks for 2024/25 which included risks relating to the loss of key staff, review of constitution, financial settlement, and fraud risk.
- There was a need to ensure processes were fully documented and succession plans were in place where appropriate to increase resilience, and a Workforce Development Strategy would be produced to detail the importance of this.

RESOLVED that the Draft Annual Governance Statement was noted by the Committee.

72f ESTABLISHMENT OF THE JOINT COMMITTEE FOR DEVOLUTION (TERMS OF REFERENCE AND STANDING ORDERS)

Members were requested to consider the governance arrangements for the establishment of the Joint Committee for Devolution and consider the recommendations to go to Council on 24 June 2024. The Monitoring Officer explained that Members were aware of the devolution in Greater Lincolnshire and the combining of the three authorities North Lincolnshire, North East Lincolnshire, and Lincolnshire County Councils to create the Mayoral Combined County Authority (MCCA). As part of this, the seven District Councils would be able to participate via the Joint Committee forum and 4 Members would be elected on the Committee, as well as on the Overview and Scrutiny and Audit Committees. The Joint Committee for Devolution would have overall oversight of the ongoing transition work and governance arrangements. The Monitoring Officer highlighted Section 2.3 which contained the Scope of the Joint Committee as well as the proposed Terms of Reference and Standing Orders. The Chief Executives and Leaders of the respective authorities had been briefed and provided input into the development of the documents. Since the publication of the report there had been an addition made to the Terms of Reference to allow the Joint Committee to consider any other matters that were of interest to the committee. The Monitoring Officer concluded the report and highlighted the recommendations and shared that any changes would be brought back to the Governance and Audit Committee for consideration.

Members discussed the report and asked for clarification on the definition of non-constituent and constituent members. The Monitoring Officer explained constituent members referred to members of the three authorities and non-constituent referred to District Council Members.

Members asked what scrutiny of the Joint Committee would look like and how Members would be able to provide scrutiny input. The Monitoring Officer responded that approval would be sought from Full Council to participate in the Joint Committee and any amendments to documents would be brought back to the Committee for Oversight. There would also be an Overview and Scrutiny Committee created for oversight of the Joint Committee. The Joint Committee would be a public meeting and Members would be able to view the reports, attend and observe meetings.

The Chairman suggested that reports on the Joint Committee come to the Committee for further discussion. The Monitoring Officer proposed that regular reports on the performance of the Joint Committee be brought back to the Governance and Audit Committee.

It was proposed and seconded that progress reports relating to the performance of the Joint Committee for Devolution be brought to the Governance and Audit Committee.

RESOLVED that

- 1) The establishment of a District Joint Committee of the Lincolnshire Districts for the purposes of devolution and participation at the Mayoral Combined County Authority be **RECOMMENDED** to Council for approval.
- 2) It be **RECOMMENDED** to Council that the Leader of West Lindsey District Council be proposed to represent the authority at the District Joint Committee .
- 3) The proposed Terms of Reference and Standing Orders for the District Joint

Committee be endorsed and RECOMMENDED to Council for approval.

- 4) It be requested that any further review or amendment of the Terms of Reference be delegated by Council to the Governance and Audit Committee.
- 5) The Monitoring Officer to provide progress reports on the performance of the Joint Committee to the Governance and Audit Committee.

72g MEMBER DEVELOPMENT ANNUAL REPORT 2023/2024

The Senior Democratic and Civic Officer presented the Member Development Annual Report which contained a summary of the Member Development activity that had taken place between May 2023 and April 2024. Over the past 7 months, a renewed approach to Member Development had taken place, following an Induction Review report received by the Governance and Audit Committee in September 2023, which outlined the renewed approach to Member Development. The Member Development Annual Report 2023/24 outlined the progress made over the previous year, and future actions for the next Civic year. The Senior Democratic and Civic Officer was pleased to report to Members that the renewed approach had proved successful, and there was a higher attendance rate to sessions and positive feedback on training. Officers had a log of requests and requirements from Members, as detailed in Appendix 1, and were open to receiving feedback and suggestions on improvements. The report was a living document and would be continually updated as sessions were identified and delivered.

In terms of further improvement, it had been identified that formal feedback could be improved as there was not enough data for Officers to be able to analyse individual sessions. It was also felt that the Microsoft Teams Channel which contained Member Development resources had not been actively utilised by Members and a training session on how to access this resource was being scheduled. The Member Development Group responsible for reviewing the Member Development programme, was pivotal for feedback and continuing the improvement of Member Development. The updated Terms of Reference for the group was contained in the report, as well as the proposed work programme for the 2024/25 Civic year.

Members discussed the report and expressed that they had attended sessions and felt these were of a very good standard. Members suggested online training courses which Members could log onto and complete. The accessibility of training sessions was discussed, and the speed of speakers and hearing issues were raised. The Senior Democratic and Civic Officer responded to Member comments that an online platform was previously rolled out, but the feedback was that this was not helpful. A dedicated Microsoft Teams Channel holds Member Development resources, transcripts and recorded sessions managed by the Member Development Officer, Claire Stockdale. Officers were planning to run a Team's training sessions for Members so they can get the most out of the Member Development sessions, with the use of the Q&A and other functions, as well as accessing material from sessions. Democratic Services were always available for Members to provide feedback on sessions and any accessibility needs.

Members requested more data and information on Member attendance and a list of external courses, conference and other training provided to Members at the next Annual update.

RESOLVED that

- 1) The report be accepted as an accurate reflection of Member Development activity for the 2023/24 Civic Year; and
- 2) The proposed Terms of Reference for the Member Development Group, and subsequent work programme, for the 2024/25 Civic Year be approved.

73 COMMITTEE WORK PLAN

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

The meeting concluded at 3.32 pm.

Chairman