

NORTH DEVON COUNCIL

Minutes of a meeting of the AUDIT COMMITTEE held at the Civic Centre, Barnstaple on Tuesday 11th March 2014 at 6.00 p.m.

PRESENT: Members:

Councillor Bradford (Chairman)

Councillors Chesters, Croft, Harrison (minutes 63 to 77), Hockin and Ley.

Officers:

Chief Executive, Head of Financial Services, Community Protection Manager, Corporate and Community Support Manager (JP) and Member Services Co-ordinator (KS).

Also present:

Mr J. Micklewright - Deloitte and Touche Public Sector Internal Audit Ltd.

Mr M. Bartlett - Grant Thornton.

58 MINUTES

RESOLVED, that the minutes of the meeting held on 14th January 2014 (circulated previously) be approved as a correct record and signed by the Chairman.

59 DECLARATIONS OF INTEREST

There were no declarations of interest announced.

60 EMERGENCY PLANNING PROVISION

The Committee received an update from the Community Protection Manager regarding the Emergency Planning Provision.

The Community Protection Manager advised that emergency planning had become part of Community Protection in the Environmental Health and Housing restructure in the autumn of 2013. In order to ensure the service was fit for purpose the Community Protection Manager had commissioned a review of the statutory requirement, plans, corporate positioning and the training and awareness of staff within the Council.

She further advised that a report had been presented to the Senior Management Team who had recommended that be brought to the Committee for Members information. She stated that a two staged approach, phase one would be completed by June 2014 working with Devon County Council to

produce a Major Incident Plan, a Recovery Centre Plan and a Business Continuity Plan, which would be presented to a future meeting of the Committee. Phase two would be completed by October 2014 and focus on issues such as the Council's response to pandemic flu, the fuel shortage plan and the Council's Coastal Pollution Plan.

In response to a question, the Community Protection Manager advised that the Council would liaise with all partner agencies throughout the process and that the document would be reviewed on a six month cycle for each phase.

In response to a further question, the Community Protection Manager advised that the Council had designated fuel service stations that would be managed and prioritised according to need i.e. emergency services etc and the Council had significant fuel storage tanks at their disposal if a situation of fuel shortage was to arise.

RESOLVED:

- (a) that the existing emergency plans be rewritten together with new plans as stated in the report and that consultation be undertaken with key stakeholders;
- (b) that the emergency plans be subject to ongoing testing to ensure continued compliance with the statutory duty of the Civil Contingencies Act 2004 as follows:
 - (i) that internal reviews to be undertaken on a six monthly basis; and
 - (ii) that the emergency plans be adopted on an annual basis together with three yearly reviews.
- (c) that clear lines of accountability for the Senior Management Team be developed and lead members; setting a performance management framework, which would be adopted, and integrated into working practices for the Council with the ability to develop or amend policies to reflect allocation of resources as required;
- (d) that a programme for staff awareness and training be developed and delivered, taking advantage of partnership arrangements to deliver initial extended awareness and ongoing support to officers and Members; and
- (e) that the Council's Emergency Plans be reviewed annually and updated every three years; and a similar programme must be developed for staff and partners.

The Committee thanked the Community Protection Manager for her attendance at the meeting.

Councillor Chesters declared a pecuniary interest as an owner of an empty property, left the room and took no further part in the discussion thereon.

61 EXTERNAL AUDIT UPDATE FOR NORTH DEVON COUNCIL

The Committee considered a report by Grant Thornton (circulated previously) regarding the External Audit update for North Devon Council.

The External Auditor provided an update in relation to the progress of the audit plan as at 11th March 2014, detailing the various elements of work that would be undertaken as part of the plan.

He advised that the Audit Plan would be presented to the May meeting of the Committee, with the final accounts audit between July and September 2014. The Value for Money (VFM) conclusion would also be presented to the meeting in September 2014.

He further advised that as a result of the Audit Commission's latest research, Tough Times 2013, showed that England's Councils had demonstrated a high degree of financial resilience over the last three years. This was despite a 20 percent reduction in funding from Government and a number of other financial challenges. However, with uncertainty ahead, the Commission said that Councils must carry on adapting in order to fulfil their statutory duties and meet the needs of local people.

The Committee was advised that the Local Audit and Accountability Act received Royal Assent on 30th January 2014. The act made provision for the closure of the Audit Commission on 31st March 2015. A new framework for local public audit was due to commence when the Commission's current contracts with audit suppliers ended in 2016/17, or potentially 2019/20 if all the contracts were extended. The National Audit Office would be responsible for the codes of practice and guidance, which set out the way in which auditors were to carry out their functions, with local authorities taking responsibility for choosing their own external auditors. Local authorities would also be required to establish an auditor panel.

In response to a question regarding a change in the payment of the New Homes Bonus, the Head of Financial Services advised that the Council was currently reviewing the process and would issue a response around Easter.

RESOLVED:

- (a) that the report be noted; and
- (b) that the Head of Financial Services circulate an email to the Committee providing answers to the challenge questions posed in the report.

62 ANNUAL REVIEW OF THE COMMITTEE'S EFFECTIVENESS

The Committee received an update from the Chair and Vice Chair following their attendance at the meeting of the Audit and Governance Committee at Torridge District Council on 18th February 2014.

The Committee discussed the option of appointing an independent Member to sit on the Committee.

RESOLVED, that an Independent Member not be appointed to sit on the Committee at the present time.

63 INCORRECT TREATMENT OF COUNCIL TAX BENEFIT

The Head of Financial Services advised that he had received an email from the software suppliers and the software had been amended so the problem wouldn't arise again. A response would be sent to the Department of Works and Pensions and the External Auditors.

64 NORTH DEVON THEATRES

The Corporate and Community Support Manager advised that following a change in management at the Theatres Trust, two of the recommendations out of the three had been closed on the Audit Recommendation Tracker. Recommendation 10 CM 10 to monitor the financial position of the trust and identify if reserves stabilise whether it could cope with the financial pressures was still open but could now be closed.

65 COUNCIL TAX SCHEME AND QUESTIONS

The Head of Financial Services advised that the current Council Tax Support Scheme was established on 1st April 2013 and had been in operation for 11.5 months, with 4000 households seeing an impact upon their income.

The Council adopted the same scheme in November 2013 as there was insufficient evidence with such a short time frame to make any major changes. As a result of the implementation of the scheme 6.2m households were receiving support and this had been reflected in the collection rates with 87% in December 2013 against 85.5% in December 2013. The 2% lower figure was not quite comparing like for like and the Council had factored in a reduced rate 0.5% less collection and this had also been reduced by a further 0.5% for 2014.

The Council had issued 30% more reminders and 40% more summonses and had seen a significant impact upon householders. The scheme would be reviewed at the end of March 2014 and taken back to Council with any proposed changes in November 2014.

In response to a question regarding the impact of the scheme upon the employees, the Head of Financial Services advised that additional resources had been secured to support the increase in calls to the service and that this would be monitored and kept under review.

66 AUDIT RECOMMENDATION TRACKER

The Committee considered a report by the Corporate and Community Support Manager (circulated previously) regarding the Audit Recommendation Tracker.

The Corporate and Community Support Manager advised that ten recommendations had been completed since the previous meeting, three of these recommendations related to the Theatres Trust.

He further advised that action codes 13 BCM 04, 13 BCM 09 and 12 D03 would also be removed from the Tracker.

He reported on the progress against the action plans as set out in the Annual Governance Statement and reported that 90% of the plan for 2010/11 had been completed.

RESOLVED:

- (a) that the actions and identified risks contained within the report be agreed; and
- (b) that action codes 13 BCM 04, 13 BCM 09 and 12 D03 be deleted from the tracker.

67 DRAFT OPERATIONAL INTERNAL AUDIT PLAN

The Committee considered a report by MAZARS PSIA Limited (circulated previously) regarding the draft Operational Internal Audit Plan.

The Internal Auditor advised that the purpose of Internal Audit was to provide Members and the Chief Executive, through the Committee with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Council's agreed objectives.

He outlined the proposals set out in the report as part of the plan and answered questions in relation to the same.

RESOLVED, that the contents and timings for the Operational Internal Audit Plan for 2014/15 be approved.

68 INTERNAL AUDIT CHARTER

The Committee considered a report by MAZARS PSIA Limited (circulated previously) regarding the Internal Audit Charter.

The Internal Auditor advised that the report was presented to the Committee on an annual basis and that there were no changes to report from the previous document.

RESOLVED, that the report be noted.

69 INTERNAL AUDIT PROGRESS REPORT 2013/14

The Committee considered a report by Deloitte and Touche Public Sector Internal Audit (circulated previously) regarding the internal audit progress report for 2013/14.

The Internal Auditor advised of the progress against the 2013/14 Internal Audit Plan and stated that the report set out the internal audit activity for the period 1st April 2013 to 18th February 2014.

He advised that there were currently 26 audits in the tracker, 15 of these had been finalised, one report was in draft and a further nine in progress, which would be issued in draft within the next fortnight.

He further advised that five reports had been issued, all with substantial assurance ratings and no priority one recommendations had been identified. Of these five, one outstanding report in relation to the Data Centre for 2012/13 had been completed and added to the agenda for this meeting.

He updated the Committee regarding further reports, which were due for completion and answered questions in relation to the same.

RESOLVED, that the report be noted.

70 WORK PROGRAMME 2013/14

The Committee considered and noted the work programme (circulated previously).

71 EXCLUSION OF PUBLIC AND PRESS AND RESTRICTION OF DOCUMENTS

RESOLVED :

- (a) That, under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items as they involved the likely disclosure of exempt information as defined by Paragraphs 3 and 7 of Part 1 of Schedule 12A of the Act (as amended from time to time), namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and information relating to any action taken

or to be taken in connection with the prevention, investigation or prosecution of crime.

- (b) That all documents and reports relating to the items be confirmed as “Not for Publication”.

72 INTERNAL AUDIT REPORT – PAYROLL AND STAFF EXPENSES (INCLUDING MILEAGE CLAIMS) 2013/14

The Committee considered a report by Deloitte and Touche Public Sector Internal Audit (circulated previously) regarding Payroll and Staff Expenses (including mileage claims) 2013/14.

The Internal Auditor advised that three “priority two” and one “priority three” recommendations had been made and accepted by management.

RESOLVED:

- (a) that the report together with the management responses and the “Substantial” assurance rating be noted; and
- (b) that the blue font used in the power point presentation be changed to black to make it visually clearer.

73 INTERNAL AUDIT REPORT – TREASURY MANAGEMENT 2013/14

The Committee considered a report by Deloitte and Touche Public Sector Internal Audit (circulated previously) regarding Treasury Management 2013/14.

The Internal Auditor advised that there were no recommendations identified within the report.

RESOLVED, that the report and the “Substantial” assurance rating be noted.

74 INTERNAL AUDIT REPORT – HOMELESSNESS SERVICE (TEMPORARY ACCOMMODATION) 2013/14

The Committee considered a report by Deloitte and Touche Public Sector Internal Audit (circulated previously) regarding Homelessness Service (temporary accommodation) 2013/14.

The Internal Auditor advised that one “priority two” and one “priority three” recommendation had been made and accepted by Management.

RESOLVED, that the report together with the management responses and the “Substantial” assurance rating be noted.

75 INTERNAL AUDIT REPORT – HOUSING NEEDS (INCLUDING CHOICE BASED LETTINGS)

The Committee considered a report by Deloitte and Touche Public Sector Internal Audit (circulated previously) regarding Housing Needs (including Choice Based Lettings).

The Internal Auditor advised there were no recommendations identified within the report.

RESOLVED, that the report and the “Substantial” assurance rating be noted.

76 INTERNAL AUDIT REPORT – DATA CENTRE 2012/13

The Committee considered a report by Deloitte and Touche Public Sector Internal Audit (circulated previously) regarding the Data Centre 2012/13.

The Internal Auditor advised that four “priority two” and four “priority three” recommendations had been made and accepted by Management.

RESOLVED, that the report together with the management responses and the “Substantial” assurance rating be noted.

77 INTERNAL AUDIT REPORT – MAIN ACCOUNTING SYSTEM AND BUDGETARY CONTROL 2013/14

The Committee considered a report by Deloitte and Touche Public Sector Internal Audit (circulated previously) regarding the Main Accounting System and Budgetary Control 2013/14.

RESOLVED, that the report together with the management responses and the “Substantial” assurance rating be noted.

Chairman

The meeting ended at 7.46 p.m.

NOTE: These minutes will be confirmed as a correct record at the next meeting of the Committee.