

NORTH DEVON COUNCIL

Minutes of a meeting of the AUDIT COMMITTEE held at the Civic Centre, Barnstaple on Tuesday 23rd September 2014 at 6.00 p.m.

PRESENT: Members:

Councillor Bradford (Chairman)

Councillors Chesters, Croft, Harrison, Hockin and Ley.

Officers:

Chief Executive, Joint Head of Financial Services (SH), Finance Manager (JT), Senior Projects Officer (NL), Member Services Officer (JG) and Corporate and Community Administrator (KD).

Also present:

Mr J. Micklewright - MAZARS Public Sector Internal Audit Limited.

Mr M. Bartlett - Grant Thornton.

Mrs L. Cave – Grant Thornton.

38 APOLOGIES

Apologies for absence were received from Councillor Haywood.

39 MINUTES

RESOLVED, that the minutes of the meeting held on 15th July 2014 (circulated previously) be approved as a correct record and signed by the Chairman subject to a reference to the third paragraph in minute 24, Grant Thornton being replaced with 'MAZARS'.

40 DECLARATIONS OF INTEREST

There were no declarations of interest announced.

41 GRANT THORNTON SEMINAR ON PROCESS OF SCRUTINISING ACCOUNTS

The Committee received a verbal update by Councillor Croft regarding the Grant Thornton Seminar she had attended in respect of the process of scrutinising accounts.

She advised that the seminar provided a good opportunity to network with other authorities. She would certainly attend any future seminars and advised that other Members of the Committee would also benefit if other opportunities arose for them to attend. The Joint Head of Financial Services advised that

future training would be fed into the Member training and development programme following the May 2015 elections.

Various topics were debated by the Committee including the size of the agenda reports, requirements for some reports to be printed on colour where appropriate for Members of the Committee and the ability to scrutinise accounts in more depth.

In response to a suggestion, the Finance Manager advised that he could provide a meaningful list of the Council owned assets to be placed in the Members Room for information.

RESOLVED;

- (a) that future internal audit reports be provided by way of an executive summary in order to reduce the size of agendas.
- (b) that Members of the Committee receive reports in colour wherever appropriate; and
- (c) that a meaningful list of the Council owned assets be produced and placed in the Members Room.

42 EXTERNAL AUDIT COMMITTEE UPDATE

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

The External Auditor provided an update in relation to the progress of the audit plan as at 5th September 2014. He advised that since the publication of the agenda the final accounts audit and Value for Money had been completed. Work on the Housing Benefit Subsidy was in progress with the deadline for submission to the Department for Working Pensions (DWP) set for November 2014.

He informed that CIPFA had recently released 2015/16 Code of Practice on Local Authority Accounting for public consultation which had a deadline of Friday 10th October 2014. In response, the Head of Financial Services advised that currently there wasn't the resource available to review the proposed amendments and assess the potential impact for that far ahead. He informed the Committee that protocols were already in place for the establishment and maintenance of reserves and balances which had subsequently been released if no longer required to be held for a specific purpose.

The Head of Financial Services advised that the latest information suggests that the Single Fraud Investigation Service was estimated to commence on 1st May 2015. Discussions with the DWP would take place in November to consider how the process would operate. The Council would need to plan for the potential departure of the fraud team to DWP and ensure that an

appropriate structure was in place. Works were currently ongoing with other Districts across Devon to try and secure a joint bid for non-benefit / corporate fraud resource.

The Committee was advised that the Anti Fraud and Corruption policy was due for review next year and any changes would be incorporated furthermore. A protocol for recording filming at Council meetings had been produced and placed on all agendas in response to a parliamentary order allowing the press and public to film and digitally report from public meetings.

RESOLVED, that the report be noted.

43 THE AUDIT FINDINGS FOR NORTH DEVON DISTRICT COUNCIL

The Committee considered a report by Grant Thornton (circulated separately and tabled) regarding the Audit Findings for North Devon District Council.

The External Auditor outlined the executive summary and key issues arising from the audit together with an overview of works that had been undertaken throughout the year. She advised on a very positive audit report and congratulated the Joint Head of Financial Services and his team for the work they had undertaken. There were no changes to the audit plan and work in respect of welfare expenditure was now complete.

The Committee was informed that the Council's valuer reviewed all the valuations for assets in several classes. She recommended moving towards valuing complete classes of assets next year.

A risk was identified in the audit findings in respect of internal controls regarding employee access onto the IT network. However the Joint Head of Financial Services reported that the correct control systems were considered to be in place and he did not therefore envisage an issue.

The External Auditor advised that the Council had a good record of financial control and had successfully identified and delivered savings. However the medium term financial strategy had not been updated since February 2013. She was keen for strategic decisions to be taken earlier on a structured basis to make the necessary savings going forward. The Committee was informed that draft plans had recently been set out to Leadership Team highlighting the gap between projected spend and funding from 2015/16 onwards. Overall the works to secure financial resilience were considered adequate.

The Council was congratulated on the achievement of reducing the rate of sickness absence from 10.2 days to 7.4 days per annum.

The Head of Financial Services advised that part of the medium term financial strategy would look to replenish the Council's low level of usable reserves and felt the general Fund Balance was within a range that the authority felt comfortable with.

RESOLVED:

- (a) that the Audit Commission's Value for money profile links be circulated to the Committee;
- (b) that the Finance team be congratulated for their efforts in producing the Statement of Accounts resulting in a smooth audit.

RECOMMENDED, that the letter of representation on behalf of the Council be approved and signed by the Chief Financial Officer and Chairman of the Council.

44 FINAL INTERNAL AUDIT ANNUAL REPORT 2013/14

The Committee considered a report by MAZARS Public Sector Internal Audit Limited (circulated previously) regarding the Final Internal Audit Annual Report 2013/14.

RESOLVED, that the report be noted.

45 ORDER OF AGENDA

RESOLVED, that item 13 be considered before item 10 on the agenda.

46 INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report by MAZARS Public Sector Internal Audit Limited (circulated previously) regarding the internal audit progress report.

RESOLVED, that the report be noted.

47 INTERNAL AUDIT REPORT – FRAUD MANAGEMENT 2014/15

The Committee considered a report by MAZARS Public Sector Internal Audit Limited (circulated previously) regarding Fraud Management 2014/15.

The Internal Auditor advised that one priority three recommendation had been made regarding fraud management policies update and that six priority two recommendations had been made regarding, fraud risk at a departmental level; staff awareness programme; Member training; anti fraud; corruption and bribery awareness; corporate investigation resource and measurement of Council Tax and Business Rate recovery. All recommendations had been accepted by management.

The Committee was advised that the implementation deadline as set out on page 8 of section 2 of the report under the heading Fraud Management Policies Update should read March 2015 not October 2015.

RESOLVED, that the report together with the management responses and the substantial assurance rating be noted.

48 **INTERNAL AUDIT REPORT – EQUALITY AND DIVERSITY**
2014/15

The Committee considered a report by MAZARS Public Sector Internal Audit Limited (circulated previously) regarding Equality and Diversity 2014/15.

The Internal Auditor advised that two priority three recommendations had been made regarding the joint inclusive Equality Scheme Action plan and Equality and Diversity website update. A further priority two recommendation had been made regarding completion of E-learning. All recommendations had been accepted by management.

RESOLVED, that the report together with the management responses and the substantial assurance rating be noted.

49 **INTERNAL AUDIT REPORT – PARKING OPERATIONS**
2014/15

The Committee considered a report by MAZARS Public Sector Internal Audit Limited (circulated previously) regarding Parking Operations 2014/15.

The Internal Auditor advised that one priority two and two priority three recommendations had been made regarding contracts. All recommendations had been accepted by management.

RESOLVED, that the report together with the management responses and the substantial assurance rating be noted.

50 **AUDIT RECOMMENDATION TRACKER**

The Committee considered a report by the Senior Projects Officer (circulated previously) regarding the Audit Recommendation Tracker.

The Senior Projects Officer advised that since the Committee had last met there had been 11 new recommendations all of which were of high or medium risk together with 23 recommendations outstanding.

She further advised that audit recommendations would now be included in future service plans with the view of using the Performance Management system more widely. The Joint Head of Financial Services advised that there was a need to review the dates for the outstanding recommendations with the responsible officers and consider assigning more realistic dates where appropriate ensuring actions were linked to the authorities corporate risks. Head of Service would bring their service plans to Senior Management Team (SMT) meetings on a monthly basis and SMT would collectively be responsible for tracking the audit recommendations.

RESOLVED, that the actions and identified risks contained within the report be agreed.

51 WORK PROGRAMME 2013/14

The Committee considered the work programme (circulated previously).

RESOLVED:

- (a) that the work programme be noted; and
- (b) that the External Audit letter be circulated to the Committee owing to the cancellation of the November meeting.

52 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 item as it involved the likely disclosure of exempt information as defined by Paragraph 3 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).
- (b) That all documents and reports relating to the item be confirmed as "Not for Publication".

53 CORPORATE RISK REGISTER

The Committee considered a report by the Senior Project Officer (circulated previously) regarding the Corporate Risk Register.

The Committee discussed the main risks affecting the Council and asked questions in relation to the same.

RESOLVED, that the Corporate Risk Register as detailed in the report be noted.

Chairman

The meeting ended at 7.43 p.m.

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