

NORTH DEVON COUNCIL

Minutes of a meeting of the AUDIT COMMITTEE held at the Brynsworthy Environment Centre, Barnstaple on Tuesday 4th September 2018 at 6.00 p.m.

PRESENT: Members:

Councillor Flynn (Chairman)

Councillors Croft, Haywood, Lovering, Moore and Patrinos.

Also Present:

Ms R. DeBradney – MAZARS Public Sector Internal Audit Limited

Officers:

Chief Executive (MM), Head of Corporate and Community Services (KM), Accountancy Services Manager (TR) and Corporate and Community Services Officer (KJ).

22 APOLOGIES FOR ABSENCE

No apologies for absence were received.

23 MINUTES

RESOLVED that the minutes of the meeting held on 14th August 2018 (circulated previously) be approved as a correct record and signed by the Chairman.

24 DECLARATIONS OF INTEREST

There were no declarations of interest announced.

25 ANNUAL REVIEW OF THE COMMITTEE'S EFFECTIVENESS

The Committee considered a report by the Head of Resources (circulated previously) regarding the Annual Review of the Committee's Effectiveness.

In response to a question from the Chair, the Head of Corporate and Community Services confirmed that under the Council's Constitution it was necessary for the seats on the Audit Committee to be politically balanced. In order to be quorate the Committee needed to have Members from two parties present. He confirmed that there was no restriction on a Member of the Committee also holding the Chair of the Overview and Scrutiny Committee. He added that the questionnaire, which this year had included additional questions, provided Members with the means to provide their opinions on the works of the Committee and any issues which they felt required addressing.

The Committee discussed the various skill sets and experiences held by the Members.

The Chairman confirmed that although some may have felt that they did not hold financial experience, their experiences, from business, self-employment, and as members of the community, were of value to the Committee and any further training, if required, could be provided by the Authority. She confirmed that their contributions and questions at Committee were invaluable.

The Committee had concerns that the seats may have been allocated, in some cases, to 'make up numbers' rather than based on any financial or suitable skill sets.

The Head of Corporate and Community Services advised that a Governance Arrangements Review would be carried out by the Authority.

RESOLVED that the report be noted.

26 HALF YEARLY REPORT FROM THE CHAIR OF THE AUDIT COMMITTEE

The Committee considered the Half Yearly Report of the Chairman of the Audit Committee (circulated previously).

RESOLVED that the report be noted and proceed to Council for consideration.

27 21:21 PHASE 2 REPORT

The Head of Corporate and Community Services presented the Committee with an update on phase 2 of the 21:21 project.

He advised the Committee of the following:

- The improvements under the Recycle More project had been reported to Overview and Scrutiny Committee previously.
- Vehicle issues had increased missed collections in recent months. The vehicle replacement programme had been brought forward by one year.
- In the first year the new Green Waste service had 4000 more customers than anticipated. Food waste and dry recycling had increased.
- The same number of customers had signed up for the Green Waste Service in the second year, as in the first.
- The decision whether to roll-out the trial would need to be made by the Executive, a report would go to Executive to seek approval in principal, however, any extension could not be done without further investment in the service.

- The Head of Operational Services would be looking into ways of increasing the commercial side of operations, as part of the 'Income Generation' element of the project.
- Reports detailing the progress of the project would be presented to Members quarterly. This had been a result of a recommendation from the External Auditors.
- The Council had purchased two properties which would be used by the Environment Health and Housing team to house those in need of temporary accommodation. Although this would not generate income, each property would enable savings of £20k per year for each family housed. This was created by the savings on fees from placing homeless families in private accommodation/hotels.
- The Council's two objectives were Service Improvement and Growth Agenda. The 21:21 project was about improving services for the general public. This included improved online service, for example, to improve ways for customers to sign up for the waste and recycling service. This had been improved this year to enable a twelve-month rolling service sign-up facility and further improvements would be looked at.
- Other improvements to ICT included the purchase of the Bartec and Firmstep systems. Works were ongoing to integrate these systems to enable any future reports from the public to be sent straight to the cabs via the customer services teams and/or online systems.
- New ICT systems for the Planning, Corporate and Community Services and Legal teams would streamline processes and modernise the systems in place.
- Future aims of 21:21 included the wish to locate as many staff as possible to the one site, Recycle More, Improving ICT and service processes, and income generation.
- The movement of additional staff to BEC was limited without further building and increased parking. Although it was hoped that the improvements to the ICT systems, by enabling remote/flexible working could free-up office and car-parking spaces.
- CCTV project was ongoing
- Plastic Free North Devon Council had been included in the 21:21 project to assist the Council in becoming more environmentally friendly. The Council had been aware that there were many organisations in the area working towards the same goal, but were not working together. The Council created the Plastic Free Consortium to enable closer working and a more organised approach to the work. It had been reported that towns and parishes that had been able to achieve 'Plastic free' status, as awarded by these groups, had seen an upturn in business as customers had actively sought out more environmentally friendly options.

28 INTERNAL AUDIT CHARTER

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

The Committee was advised of the following in relation to the Internal Audit Charter:

- There had been no change to the content of the report since the prior year.
- The report set out the answers to the questions included in the questionnaire issued to the Members (the report presented as per item 6 of the agenda). Those questions had referred to the adequacy of internal audit staffing and whether it complied with CIPFA's Code of Practice for internal audit in Local Government.

RESOLVED that the Internal Audit Charter be noted.

29 INTERNAL AUDIT PROGRESS REPORT 2018/19

The Committee considered a report by MAZARS Public Sector Internal Audit Limited regarding the Internal Audit progress report for 2018/19 (circulated previously).

The Committee was advised of the following in relation to the Internal Audit Progress Report 2018/19:

- All Audits had now been programmed, with dates provided for all except for the Crematorium audit which usually was carried out in the May of the following year.
- Two audits had been completed since the last meeting. Those were Creditors and Payroll.
- The Creditors audit had identified that many payments were still being made using 'green slips' rather than using the e-procurement system. This had been identified on previous years' audits. The Council was continually rolling out a programme of assessment and aimed towards a 50% usage of the e-system by the end of the financial year.
- The Payroll audit had no issues identified.

RESOLVED that the Internal Audit Progress report for 2018/19 be noted.

30 EXTERNAL AUDIT ANNUAL AUDIT LETTER

The Committee considered a report by Grant Thornton regarding the External Audit Annual Audit Letter (circulated previously).

The Head of Corporate and Community Services provided the Committee with an update on behalf of the External Auditors.

He advised the Committee of the following points in the External Audit Annual Audit Letter:

- The contents of the report were similar to that of the Findings Report of August 2018.
- The Executive Summary explained the service provided by External Audit during the year, and recorded their appreciation for the Council's Finance team, and other staff, during the year.
- Their audit work did not identify any issues in relation to the three risks identified in their audit plan:
 - Management Override of Controls,
 - Valuation of Property, Plant and Equipment,
 - Valuation of Pension Fund Net Liability.
- An 'Unqualified' decision was made on the accounts.
- The Value for Money decision was that they were 'Satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018'.

RESOLVED that the External Audit Annual Audit Letter be noted.

31 EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Committee considered a report by Grant Thornton regarding the External Audit Progress report and Sector Update (circulated previously).

The Head of Corporate and Community Services provided the Committee with an update on behalf of the External Auditors.

He advised the Committee of the following points in the External Audit Progress Report and Sector Update:

- The report had incorrectly stated that the progress was reported 'as at 31 May 2018'. It should have read as at 17 August 2018.
- The Housing Benefit audit would start this week. The certification work for the 2017/18 claim would be concluded by November 2018.
- The report detailed the Audit deliverables of 2017/18 as completed, except for the Annual Certification Letter which was planned for December 2018.

RESOLVED that the External Audit Progress Report and Sector Update be noted.

32 AUDIT RECOMMENDATION TRACKER

The Committee considered the Audit Recommendation Tracker report by the Head of Corporate and Community in respect of actions taken to address internal and external audit recommendations (circulated previously).

The Committee noted the following updates:

- One recommendation, 17 CS 05 Cyber Security Incident Response Plan, had been completed since the last Audit Committee.
- Table C detailed three recommendations for which time extensions were being requested.
- Table D detailed five outstanding recommendations.

In response to questions from the Chair, the Head of Corporate and Community Services confirmed that:

- 17 SRR 08 Sharing Information: this recommendation's progress was greater than 0% as the works had started.
- 16 HN (CBL) 05: Inactive Users on DHC: The non-completion of this item would not be of detriment to the public. It would not aide or shorten the time it took to house those on the housing waiting list. It would however reduce the list by the removal of those ineligible or no longer in need of housing. As those peoples' details were not required it was best, under data protection regulations, not to hold those details.
- The Council had actively sought to reduce the risk from Cyberattack, despite the non-completion of recommendation 17 CS 02 Network Security.

The Chief Executive advised the Committee that currently, should a cyber attack happen, he would advise the Heads of Service of the plan, along with the order of priority for service resumption. Once the report was in place it would mean that those priorities would be available in advance of such an incident, giving prior warning to those departments.

RESOLVED;

- (a) that the actions that have been taken to address identified risks since the 14th August 2018 Committee meeting be noted;
- (b) that extensions be granted for recommendations: 17 L 04 Service Level Agreement with Customer Services and 17 SRR 08 Information Sharing;
- (c) that the Head of Environmental Health and Housing be requested to provide a written update to the Committee in relation to the progress of recommendation 16 HN (CBL) 05 prior to the next meeting;
- (d) that the Head of Corporate and Community Services provide the Committee with additional detail in relation to recommendation 13 BCM 06. This item had been mentioned in the notes for 15 DR 05 and 15 DR 06 in the table of Outstanding Audit Recommendations, but itself was not shown as a current recommendation in the report.

- (e) that the Head of Corporate and Community Services assess the risks outstanding from 2014 and amend the report as applicable.
- (f) that the Audit Recommendation Tracker be noted.

33 WORK PROGRAMME 2018/19

The Committee considered the work programme for 2018/19 (circulated previously).

RESOLVED that:

- a) the item "Corporate Risk Register" be moved to the January 2019 Committee;
- b) the item "21:21 Phase 2 Report" be added to the January 2019 Committee;
- c) the item "Growth Agenda Update" be added to the January 2019 Committee, and the Head of Service be invited to attend;
- d) the work programme for 2018/19 be noted.

Chairman

The meeting ended at 7.14 p.m.

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