

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Audit & Governance Committee held in the Council Chamber at Knowle, Sidmouth on 2 March 2017

Attendance list at end of document

The meeting started at 2.30pm and ended at 4.12pm

***46 Chairman's welcome**

The Chairman welcomed everyone to the meeting.

***47 Public Speaking**

There were no members of the public present.

***48 Minutes**

The minutes of the Audit and Governance Committee meeting held on 5 January 2017 were confirmed and signed as a true record.

***49 Declarations**

Councillor Steve Hall – Minute 51

Interest: Personal

Reason: Chairman of the Licensing Committee

- *50** Matters referred to the Audit and Governance Committee by the Overview and Scrutiny Committees held on 18 January 2017.

***51 Annual Audit Plan 2017/18**

As a key element of its governance arrangements, the Council had a partnership arrangement with South West Audit Partnership to deliver an annual internal audit plan. The Assistant Director for SWAP, together with the Council's S151 Officer and in consultation with the Senior Management Team had produced an Audit Plan for 2017/18 that required the approval of the Audit and Governance Committee.

Discussions included the following:

- Concern of lack of Police cooperation to disputes on Licenced premises; especially not being logged and the effect this had on the Licensing Committee when premises came up for consideration or review.

RESOLVED:

That the Internal Audit Plan of 376 days for April 2017 to March 2018 be approved.

***52 a. Internal Audit Activity Plan Progress 2016/17 Quarter 3**

Moya Moore, Assistant director from SWAP presented the Internal Audit Plan. This report updated the position at the end of Quarter 3. It was noted that the 2017/18 Audit Plan included a full review (not just a follow up) of both business continuity and project management. A review of lone working arrangements, highlighted in the Health and Safety review was also proposed.

b. Achievement of Major Capital Projects Report

As part of the 2016-17 Audit Plan a review was undertaken to assess the adequacy of the controls and procedures in place for Achievement of Major Projects across East Devon District Council.

The Capital Programme included income and expenditure transactions for purchases and disposals of land or property, to build property, make improvements to existing properties and purchase large items of equipment. The Capital Programme was funded from capital receipts, Public Works Loans Board (PWLB) loans, government grants, partner contributions, the Capital Reserve and revenue contributions.

The annual Capital Programme was approved each year in February at Full Council which included an indicative programme for the following three years giving estimated spend and sources of funding.

The Capital budget for 2015/16 was £12.887m; the outturn position was a net spend of £10.510m, a variation of £2.377m. The majority of the underspend related to scheme slippage and a need to re-profile expenditure to later years.

Significant projects recorded on the Capital Programme include Seaton Jurassic Centre, as part of the Council's regeneration plans for Seaton, works on Mamhead Slipway in Exmouth, and the Feniton Flood Alleviation Scheme.

The Capital Strategy and Allocation Group were responsible for reviewing proposed Capital projects. As part of an agreed process, individual services were required to complete and submit a capital appraisal form (business case) in order to obtain Capital budget.

EDDC monitor the financial progress of the Capital Programme throughout the financial year which was reported to members for oversight, scrutiny and approval.

The Chairman thanked Moya for her report.

RESOLVED:

1. that the content of the Internal Audit Progress report and Achievement of Major Capital Projects report be noted, and
2. that the recommendations for action of Significant Corporate Risks be endorsed and agreed.

***53 External Audit Plan 2016/17**

Darren Gilbert from KPMG, presented the External Audit report which provided the Audit Committee with an overview on progress in delivering their responsibilities as the external auditors. The report supplemented their Audit Fee Letter 2016/17 presented in April 2016, which detailed their appointment by Public Sector Audit Appointments Ltd (PSAA). The audit had two key objectives:

1. Financial statements (including the Annual Governance Statement): Providing an opinion on EDDC accounts; and
2. Use of resources: Concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).

Audit planning and risk assessment was an on-going process; the assessment and fees in the Plan would be kept under review and updated if necessary.

The Chairman thanked Darren for the report.

RESOLVED:

that the content of the External Audit Plan be noted.

***54 Audit Committee update**

Members considered the report, which provided the Audit Committee with an overview on progress in delivering the responsibilities by the external auditors.

KMPG had completed the planning work for the 2016/17 audit, considering key issues at the Council and any relevant requirements as per the code. These discussions had formed the Audit Plan, which was presented at this Committee. KPMG were due to commence the interim audit visit on the week commencing 20 February, to test the control environment at the Council. The findings would be reported at the next Committee meeting.

RESOLVED:

that the progress be noted.

***55 Accounting Policies approval**

The Strategic Lead Finance presented the report, which considered best practice for the Audit and Governance Committee to approve the Accounting Policies for the preparation of the accounts to be adopted. The current policies were presented to Members for consideration. Members were informed of the accelerated timetable for completion of the annual statement of accounts.

Members commended Simon Davey and his team for undertaking this work earlier than expected.

RESOLVED:

that the Accounting Policies be approved and the accelerated timetable for the 2016/17 Statement of Accounts be noted.

56 Anti-Money Laundering Policy

The Strategic Lead Finance updated Members on the Proceeds of Crime Act (Anti-Money Laundering) Policy, which required approval. The object of the policy was to make all employees aware of their responsibilities and the consequences of non-compliance.

Legislation concerning money laundering (the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007) definition of money laundering covered a range of activities caught by the statutory framework. As a result, this impacted on areas of local authority business and required local authorities to establish internal procedures to prevent the use of their services for money laundering.

The legislative requirements concerning anti-money laundering procedures were extensive and complex. The policy had been written to enable the Council to meet the legal requirements in a way which was proportionate to the very low risk to the Council of contravening the legislation.

RECOMMENDED:

that the revised Proceeds of Crime Act (Anti-Money Laundering) Policy be approved.

***57 Audit and Governance Forward Plan**

Members noted the contents of the Committee Forward Plan for 2017/18.

Items to be considered at the June Committee included:

- Review of Internal Audit Charter
- Annual Report inc. Quarter 4
- Internal Audit Activity – Quarter 1 2016/17
- Revenue and Capital Outturn Report 2016/17
- Draft annual governance statement
- Audit Committee update
- Risk Management Review
- S106 Payments Methodology update

RESOLVED:

that the Forward Plan be noted.

Attendance list

Councillors:

Mark Williamson (Chairman)
Bill Nash
John Dyson
Steve Hall
John Humphreys

Also present (for some or all of the meeting)

Councillors:

Ian Thomas Portfolio Holder Finance
Roger Giles
Brian Bailey

Apologies:

Dean Barrow (Vice Chairman)
Steve Gazzard
Ben Ingham

Officers present:

Mark Williams, Chief Executive
Simon Davey, Strategic Lead – Finance
Amanda Coombes, Democratic Services Officer

Darren Gilbert, Director, KPMG
Moya Moore, Assistant Director, SWAP

Chairman Date.....