

Minutes of a Meeting of the Audit & Governance Committee held at Knowle, Sidmouth on 8 January 2015

Attendance list at end of document

The meeting started at 2.30pm and ended at 4.20pm.

***36 Public Speaking**

There was no public speaking.

***37 Minutes**

The minutes of the Audit and Governance Committee meeting held on 20 November 2014 were confirmed and signed as a true record.

***38 Declarations**

Councillor Peter Bowden - personal interest - minute 41: VAT on fuel receipts.

***39 Certification Report 2013/14**

Members considered the report of Grant Thornton regarding the Certification Report 2013/14 which outlined the Council's performance in applying for government grants, claims and returns and the preparation of information used in claims.

It was noted that the Council had submitted two claims and returns for certification for the financial year 2013/14, relating to expenditure of £33.364 million.

The report summarised the external auditors' overall assessment of the Council's management arrangements in respect of the certification process. There were no significant matters to be brought to the Council's attention in relation to individual claims. None of the claims or returns were qualified or amended which was consistent with last year. Grant Thornton stated that few authorities receive no qualification and no amendments to their Housing Benefit claim and the council should be commended for this.

The Council and its officers were commended for completing the work on schedule and for having no qualifications on claims. Members noted that there was a reduction proposed in certification fees.

The external auditors were thanked for their report and their continuing support of the Council's improvement. The Strategic Lead Finance and his team were also thanked for all their hard work.

RESOLVED: that the contents of the Certification Report 2013/14 be noted.

***41 East Devon Fraud Briefing – Grant Thornton**

Barrie Morris of Grant Thornton presented an East Devon Fraud Briefing provided by the Audit Commission, the purpose of which was to:

- Provide an information source to support councillors in considering their councils fraud detection activities;
- Extend an opportunity for councillors to consider fraud detection performance, compared with similar local authorities;
- Give focus to discussing local and national fraud risks, reflect on local priorities and the proportionate responses needed;

- Be a catalyst for reviewing the council's current strategy, resources and capability for tackling fraud.

There were 25 cases of detected fraud in East Devon, the value of which was £113,932. The value of detected Housing Benefit and Council Tax Benefit was £112,675 in 2013/14. There were no detected cases of council tax discount fraud, social housing fraud, right to buy fraud or other types of fraud reported in East Devon in 2013/14.

During discussions the following points were noted:

- The growth in houses in the District would affect the number of cases of Housing Tax Benefit in East Devon;
- Systems thinking principles meant the customer was no remote from the council, remoteness can lead to a fraud environment;
- It was easier to identify big cases of fraud than smaller ones;
- EDDC was working closely with other Devon authorities to detect fraud issues, particularly around council tax discounts.

Following questions raised by members, Simon Davey, Strategic Lead Finance, was requested to provide details of the number of cases of detected fraud in East Devon for 2012/13 and also the number of detected cases of internal fraud for 2013/14.

RESOLVED: that the report be noted.

***42 Internal Audit plan – Review of 2014/15 Qtr 3**

Members considered the report of the Audit Manager which provided the outturn position for the internal audit plan at the end of December 2014 providing an update for quarter 3.

The Committee was advised that there were 2 operational audits that had been deferred from earlier in the year (Enforcement Agents and Regeneration) and 2 audits that had commenced that were originally scheduled for Qtr 4 (Remote and Mobile working and Leisure East Devon). There had been no irregularities reported to SWAP that had required investigation in quarter 3.

In quarter 3 there were two IT audits planned for Remote and Mobile Working and E-Procurement. There were no special reviews carried out in quarter 3. But partial assurance had been given for audits on Tenancy Fraud, Private Water Supply Regulation and Emergency Planning.

The Committee noted the progress made on the audit plan 2014/15 to date and the SWAP Manager reported that all scheduled audits were on target.

The Chairman thanked the internal auditor for presenting his report.

RESOLVED: that the content of the internal audit plan – quarterly update 2014/15 be noted.

***43 Office Relocation Project Assurance**

Mr Tony Green reported that Full Council on 17 December 2014 had voted for the Audit & Governance Committee to thoroughly investigate all the data relating to the relocation project and report back. He asked specifically what extra scrutiny would the Committee apply to the project that it would not normally be applying?

Mr Richard Eley asked questions surrounding the Council's energy costs and why there was a difference in assumed energy costs between the general budget and those for the relocation project. He also asked if SWAP was happy with these assumptions and whether the Council had considered fixing its energy costs?

The Audit Manager, South West Audit Partnership (SWAP), reported that he could give the assurance from an internal audit point of view that all the current protocols were in place for the relocation project. He reported that he was a member of the Relocation Board Steering Group and was actively involved in overseeing its work.

Members of the Committee noted that as a separate piece of work, Grant Thornton, External Auditors, had been requested to undertake an audit of the relocation financial model calculations and assumptions, which it was expected would be considered by a joint meeting of the Overview and Scrutiny and Audit & Governance Committees in March.

Andrew Ellins, SWAP, reported that he would be preparing a full internal audit report for consideration by the Committee at its March meeting on the relocation process and would include whether he considered that protocols had been met during this process

Members noted that it was the responsibility of the Audit & Governance Committee to carry out due diligence on the project, ensure that there was a Risk Register in place and that the project was properly managed; policy on any office relocation was a matter for Cabinet and Council.

In answer to the question from Richard Eley, Simon Davey, Strategic Lead Finance, reported that he had prepared a budget based on an 8% increase in electricity costs for 2015/16. The energy costs assumed for the relocation project was for a different period of time. The energy costs for 2015/16 would continue to be monitored as part of the Council's budget monitoring process. The Council's electricity and gas was procured through a framework agreement allowing the council to purchase energy under a tender arrangement for a number of public sector bodies..

The Audit Manager, SWAP was thanked for his report. He confirmed that he would make a report on the Office Relocation project at each meeting of the Committee.

RESOLVED:

1. that the Audit Manager, South West Audit Partnership, be requested to provide a Part A report on the relocation processes and costs to the March meeting of the Committee;
2. that the report be noted.

***44 Thelma Hulbert Gallery**

Members noted the progress report on the Thelma Hulbert Gallery which had been presented to Cabinet the previous evening.

***45 Strategic Planning Policy**

Members wished to know how the issues raised regarding Strategic Planning Policy at the last meeting of the Committee was proceeding. The deadline for changing the constitution was the Annual Council meeting in May.

RESOLVED: that the Deputy Chief Executive be requested to prepare a report on progress on this issue to the next meeting of the Committee.

***46 Audit and Governance Forward Plan**

The Committee noted the contents of the Forward Plan for 2014/15, which was updated during the meeting.

Items to be considered at the March Committee included:

- Annual Audit Plan 2015/16
- Audit Plan/Audit Committee update
- Office relocation project update
- Risk Management Review
- Strategic Planning policy update

RESOLVED: that the updated Forward Plan be noted.

Attendance list

Present:

Councillors

Ken Potter (Chairman)

Peter Bowden (Vice Chairman)

Bob Buxton

Steve Gazzard

Steve Hall

Also Present:

Graham Troman

Apologies:

Roger Boote

Tony Howard

Geoff Pook

Officers:

Simon Davey, Head of Finance

Chris Lane, Democratic Services Officer

Andrew Ellins, Audit Manager, South West Audit Partnership (SWAP)

Barrie Morris, Senior Audit Manager, Grant Thornton

Chairman

Date.....