

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Audit & Governance Committee held in the Council Chamber at Knowle, Sidmouth on 19 November 2015

Attendance list at end of document

The meeting started at 2.30pm and ended at 3:10pm

***25 Chairman's welcome**

The Chairman welcomed everyone to the meeting.

***26 Public Speaking**

There was no public speaking.

***27 Minutes**

The minutes of the Audit and Governance Committee meeting held on 24 September 2015 were confirmed and signed as a true record.

Councillors Nash on behalf of himself and Councillor Gazzard wished for the following statement be added to Minute 19: *'Councillors Nash and Gazzard abstained on the grounds that they had not had time to study the Final Statement of accounts.'*

***28 Declarations**

None

***29 Annual audit letter**

Barrie Morris from Grant Thornton presented the annual audit letter for EDDC, which summarised the audit activity undertaken over the last financial year. He was pleased to report that the key messages on the financial statement were that,

- the accounts were produced to a high standard
- all requests for additional information were dealt with promptly by the finance team
- an action plan had been agreed to with the Council based on their findings from the audit work

Grant Thornton issued an unqualified opinion on the Council's 2014/15 financial statements on 24 September 2015, meeting the deadline set by the Department for Communities and Local Government (DCLG). Their opinion confirmed that the financial statements gave a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Grant Thornton issued an unqualified VfM (Value for Money) conclusion for 2014/15 on 24 September 2015. On the basis of this work, and having regard to the guidance on the specified criteria published by the Audit Commission, 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 2015. There were two significant recommendations in the report:

1. The Council has a rolling programme in place for property plant and equipment revaluations which ensure that all assets are revalued within a five year period, but all assets in the same class are not

revalued in the same year.

2. When the Council consolidated the figures for Strata into its own financial statements, it applied the statutory override to its share of Strata's pensions liabilities; this amounted to £1.22 million. Grant Thornton's view was that was not appropriate, as Strata was a separate corporate body from the Council.

Barrie confirmed that he had met with KPMG to complete the hand-over and gave a perspective of current issues.

RESOLVED:

1. that the Annual Audit Letter from Grant Thornton be noted

***30 Risk management review: half-year review**

The Management Information Officer presented the report to members. Risk information for the 2015/16 financial year until end September 2015 was supplied to allow the Committee to monitor the risk status of Strategic and Operational Risks. This followed the year end full review of risks by responsible officers for 2015/16.

The EDDC's Risk Management Policy required all risks identified by the council to be reviewed bi-annually. There were currently 12 Strategic and 104 Operational Risks, each when first identified were considered high or medium level risks which required some form of mitigation through control actions. For this first full review for 2015/16 all risk owners were asked to reassess the overall risk, update their control action/s and re-score the risk to give a residual score in light of the mitigation from the control actions undertaken.

In the full risk register there was one risk currently scored as high:

- Failure of correct procedures and practices causing challenges to decisions - Impact: Serious, Likelihood: Very likely, Good scope for improvement.
An aggrieved party had recently been given leave by the High Court to pursue a judicial review against a decision of the Council to grant permission for a dwelling on land adjoining their property. The case revolved around whether Members of Development Management Committee in making the decision were consistent in their approach with prior decisions on the same site for a similar form of development. Members of DMC had been briefed on this case and these issues would be picked up through future Members training sessions.

RESOLVED:

that the current status of risks following the full risk review undertaken in September/October 2015 be noted.

***31 KPMG: New Auditor Introduction**

Darren Gilbert introduced himself and Tara Westcott as the new external auditors from KPMG. He stated they were delighted to be working with EDDC and that the company had a good local and regional foundation.

RESOLVED:

that the update from KPMG be noted.

***32 Audit and Governance Forward Plan**

Members noted the contents of the Committee Forward Plan for 2015/16. Jo George from SWAP informed members that the consultants audit report would be reported back at the January meeting. Discussion included:

- looking into the cost of consultants and benchmarking costs compared with other authorities
- The worth of consultants reports
- A consideration of value for money compared with retaining in-house resource
- Were there particular areas of the Council more prone to using consultants?

Items to be considered at the January Committee included:

- Internal Audit Activity – Quarter 3 2014/15
- Audit Committee update
- Certification Report

The Chairman requested the issue of devolution be brought to the January meeting as the Committee were particularly interested in the Governance issues and an update on Enterprise Zones be presented to the committee at an appropriate stage.

RESOLVED:

that the Forward Plan be noted.

Attendance list

Present:

Councillors

Mark Williamson (Chairman)

John Dyson

Steve Hall

Ben Ingham

Bill Nash

Ian Thomas, Portfolio Holder Finance

Geoff Jung

Peter Faithfull

Apologies:

Dean Barrow (Vice Chairman)

Steve Gazzard

John Humphreys

Officers:

Simon Davey, Strategic Lead – Finance

Steve Pratten, Relocation Manager

Beth Levi, Management Information Officer

Amanda Coombes, Democratic Services Officer

Barrie Morris, Director, Grant Thornton

Jo George, Assistant Director, SWAP

Darren Gilbert, Director, KPMG
Tara Westcott, Senior Manager, KPMG

Chairman Date.....