

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Audit & Governance Committee held in the Council Chamber at Knowle, Sidmouth on 30 June 2016

Attendance list at end of document

The meeting started at 2.30pm and ended at 3.53pm

***1 Chairman's welcome**

The Chairman welcomed everyone to the meeting.

***2 Public Speaking**

There was no public speaking.

***3 Minutes**

The minutes of the Audit and Governance Committee meeting held on 3 March 2016 were confirmed and signed as a true record.

***4 Declarations**

Councillor Steve Hall – Minute 7

Interest: Personal

Reason: Is a trustee on Leisure East Devon

Councillor Bill Nash – Minute 7

Interest: Personal

Reason: Is a trustee on Leisure East Devon

***5 Technical update and External Audit Progress Report – KPMG**

Tara Westcott, Senior Manager from KPMG provided the committee with an overview on progress in delivering their responsibilities as EDDC's external auditors. The report also highlighted the main technical issues, which were currently having an impact in local government.

Since the last meeting of the Audit Committee in March 2016 KPMG had completed the interim audit, which included understanding the Authority's control environment and performing testing on key controls. The outcome of this work and any observations would be reported back at the next meeting in September 2016. The timing of the certification work on the housing subsidy and pooling of capital receipt grants had been agreed.

RESOLVED:

that the Technical update and External Audit Progress Report Plan be noted

***6 Annual Audit and Opinion report – SWAP**

Moya Moore, Assistant Director, SWAP provided the outturn position for the Internal Audit Plan at the end of 2015/16 and also provided Internal Audits overall opinion on the systems of internal control at East Devon District Council. The report showed that there had been no significant risks during the year.

RESOLVED:

that the Internal Audit Annual Report and Opinion be noted.

***7 Annual Report inc. Quarter 4 2015/16 and Internal Audit Activity – Quarter 1 2016/17**

The Audit and Governance Committee agreed the 2016-17 Internal Audit plan at its March 2016 meeting. This report provided an update on the 2015/16 Internal Audit Plan (Quarter 4) and to update with progress made on the 2016/17 Internal Audit Plan (Quarter 1).

In answer to a question on why Food Safety had been removed from the plan, was that this audit area had recently been inspected by the Food Safety Inspectorate.

RESOLVED:

that the report be noted

***8 Review of Internal Audit Charter – SWAP**

Moya Moore, Assistant Director, SWAP explained to members that SWAP had adopted and worked to the Standards of the Institute of Internal Auditors, and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The internal audit service, provided by South West Audit Partnership Ltd (SWAP), worked to a charter that defined its roles and responsibilities and the roles and responsibilities of the District Council's managers. Best Practice in corporate governance required that the charter be reviewed and approved annually by the Audit and Governance Committee. The Charter was last reviewed by the Audit Committee at their meeting on 25 June 2015.

RESOLVED:

that the Internal Audit Charter be approved.

***9 Year end full Risk Review 2015/16**

Risk information for the 2015/16 financial year until April 2016 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 risk management policy required all risks identified by the council to be reviewed bi-annually. There were currently 12 Strategic and 108 Operational Risks, each when first identified were considered high or medium level risks which required some form of mitigation through control actions. For this year end 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:

- The Council's income now relied on income from new homes bonus monies which was directly related to new house building in the district. There was a risk of lower growth than estimated or the Government changing the mechanism for payment. Impact: Major, Likelihood: Likely, - The reason for the escalation of this risk was that the government was currently considering a new scheme following a period of consultation. There was now uncertainty as to the implications of any changes to the scheme

RESOLVED:

that the report be noted.

***10 Draft Annual Governance Statement – year ended 31 March 2016**

The Strategic Lead, Finance reported that a final governance statement would be reported back to the committee in September once members had made comments to the draft statement. The Strategic Lead, Finance went through the scope of responsibility

and explained the annual review would check the effectiveness of the governance framework.

RESOLVED:

that the draft statement be noted

11 Annual Revenue and Capital Outturn report 2015/16

This final outturn report had been discussed recently at Cabinet; the Audit and Governance committee would finally agree these accounts in September 2016. Cabinet had agreed various recommendations and it was hoped that this committee would do the same.

RECOMMENDED:

1. that the outturn position for 2015/16 be agreed
2. the level of Reserves detailed in the report and the transfers/use as recommended; namely
 - a) to use the General Fund to fund an additional grant payment to Exmouth Sea Cadets of up to £0.050m upon final negotiation and agreement by the Chief Executive in consultation with the Leader of the Council and Portfolio Holder Finance,
 - b) the transfer of £0.294m from the General Fund to the NNDR Volatility Fund together with any sum received as this Council's share of any gain in the Devon NNDR Pool for 2015/16,
 - c) the remaining General Fund Balance above the adopted maximum range, currently calculated at £0.101m, is transferred from the General Fund into the Capital Reserve,
 - d) the Transfer of £1m from the Housing Revenue Account into the HRA Business Plan Volatility Reserve,
 - e) the Transfers to other earmarked reserves for specific projects where funding contributions have been made in advance of spend and monies are held at year end to fund this work in future years (the Outturn Book contains full details of these transfers in 2015/16),

all be agreed.

***12 Devolution update**

The Chief Executive presented this report seeking approval to sign up '*in principle*' to the pursuit of a Devolution Deal and the creation of a Combined Authority for the Heart of the South West sub-region to administer the powers devolved through the Deal. An '*in principle*' agreement from all of the authorities, partners and MPs involved in the Heart of the South West devolution process would open up negotiations with Treasury to work towards a deal.

RESOLVED:

that the views of the Audit and Governance Committee on the following, before the report is put forward to Cabinet on 13 July 2016 are noted

1. Endorse the Leader's current approach to devolution and agree to sign up to the principle of creating a Combined Authority for the Heart of the South West, as set out in the Prospectus for Productivity, as the basis for negotiation with Government towards a Devolution Deal for the area;
2. Note that giving this endorsement did not commit the Council to entering into a Devolution Deal or becoming a member of a Heart of the South West Combined Authority. This would be subject to future debate and agreement by the Council and subject to negotiations with Government.

***13 Audit and Governance Forward Plan**

Members noted the contents of the Committee Forward Plan for 2016/17.

Items to be considered at the September Committee included:

- Internal Audit Activity – Quarter 1 & 2 2016/17
- Statement of Accounts 2015/16 including Governance Statement
- Report to those charged with Governance
- Analysis of consultants fees 2015/16
- Partnership Register

On 22 September 2016 at 12.15pm prior to the next meeting, there would be Member training and on audit procedures and process presented by SWAP.

RESOLVED:

that the Forward Plan be noted.

***14 Annual audit fee 2016/17**

KPMG confirmed the audit work and fee proposal for the 2016/17 financial year.

RESOLVED:

that the Annual audit fee letter 2016/17 be noted.

Attendance list

Present:

Councillors
Mark Williamson (Chairman)
Dean Barrow (Vice Chairman)
Steve Gazzard
Steve Hall
John Dyson
Ben Ingham
Bill Nash

Officers:

Mark Williams, Chief Executive
Simon Davey, Strategic Lead – Finance
Tara Westcott, Senior Manager, KPMG
Moya Moore, Assistant Director, SWAP
Amanda Coombes, Democratic Services Officer

Chairman

Date.....