

## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of a Meeting of the Audit & Governance Committee held in the Council Chamber at Knowle, Sidmouth on 29 June 2017**

#### **Attendance list at end of document**

The meeting started at 2.30pm and ended at 4.09pm

#### **\*1 Chairman's welcome**

The Chairman welcomed everyone to the meeting. In particular, he welcomed Councillor Cherry Nicholas a new member to the committee.

#### **\*2 Public Speaking**

There were no members of the public present.

#### **\*3 Minutes**

The minutes of the Audit and Governance Committee meeting held on 2 March 2017 were confirmed and signed as a true record.

#### **\*4 Declarations**

Councillor: Mark Williamson

Interest: Shareholder representative of South West Audit Partnership (SWAP)

Reason: Personal

Officer: Simon Davey

Interest: Director of South West Audit Partnership (SWAP)

Reason: Personal

#### **\*5 Review of Internal Audit Charter**

Moya Moore, Assistant director from SWAP presented the report on the Internal Audit service for EDDC. 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 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 Audit Committee last reviewed the Charter on 30 June 2016. An Engagement Profile that outlined how SWAP intended to improve the audit experience between EDDC and SWAP was detailed.

#### **RESOLVED:**

that the Internal Audit Charter and Engagement Profile be approved.

#### **\*6 Annual Report inc. Quarter 4 2016/17 and Quarter 1 2017/18**

The Audit and Governance Committee agreed the 2017-18 Internal Audit plan at its March 2017 meeting. The report provided an update on the 2016/17 Internal Audit Plan Quarter 4 and to update with progress made on the 2017/18 Internal Audit Plan Quarter 1.

#### **RESOLVED:**

that the report be noted.

**\*7 Internal Audit Plan – Review of 2016/17**

The report provided the outturn position for the Internal Audit Plan at the end of 2016/17 as well as Internal Audits overall opinion on the systems of internal control at East Devon District Council. The Committee agreed the 2016/17 Internal Audit Plan at its March 2016 meeting. An update was provided for Quarters 1 and 2 in September 2016 and Quarter 3 in January 2017. This report was the final outturn position at the end of Quarter 4.

**RESOLVED:**

that the report be noted.

**\*8 Healthy Organisation report 2016/17**

The Healthy Organisation review looked at eight key corporate areas and mapped areas of good practice against areas for improvement. EDDC had overall High Assurance, with only three areas obtaining Medium Assurance. Six Healthy Organisation reviews across the Partnership had been completed with EDDC being the only partner to receive High Assurance, this was a very positive result. This would be a live document in order to keep a map of the assurance environment within the key corporate areas. The results would feed into the coming years' work. The report would be reviewed after two years.

The Chairman thanked Moya and her colleagues at SWAP for producing the report.

**RESOLVED:**

that the report be noted.

**9 Revenue and Capital Outturn Report 2016/17**

This final outturn report had been discussed recently at Cabinet; the Audit and Governance committee would finally agree these accounts in September 2017. Cabinet had agreed various recommendations and it was hoped that this committee would do the same.

**RECOMMENDED:**

1. that the outturn position for 2016/17 be agreed,
2. the level of Reserves detailed in the report and the transfers/use as recommended; namely
  - a) the transfer of £0.606m from the General Fund as one off savings in 2016/17 to the Capital Reserve to help fund future capital programme commitments,
  - b) the transfer of £0.294m from the Business Rates Volatility Fund into the General Fund to meet the shortfall on business rates income against budget in 2016/17,
  - c) that an adopted range was determined for the HRA Balance to be held of between £2.1m and £3.1m, and that £3.970m held above this level was transferred to a new Reserve "Future Housing Development Fund",
  - d) that £2.8m was transferred from the HRA Business Plan Volatility Fund into the Future Housing Development Fund,
  - e) the Transfers to other earmarked reserves for specific projects where funding contributions had been made in advance of spend and monies were held at year

end to fund this work in future years. The Outturn Book contained full details of the transfers in 2016/17, all be agreed.

**\*10 Draft annual governance statement – year ended 31 March 2017**

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 Audit Committee update**

Darren Gilbert, Director of KMPG 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. Darren reported that all was on track.

**RESOLVED:**

that the report be noted.

**\*12 Risk Management Review**

Risk information for the start of the 2017/18 financial year was supplied to allow the Audit and Governance Committee to monitor the risk status of Strategic and Operational Risks. This followed the full review of risks by responsible officers during May 2017. The Strategic Lead, Finance informed members that strategic risks which included items such as the Recycling and Waste contract, any major disruption in IT and telephony, office relocation and the delivery of Growth Point would be reported in the next review.

Discussions included the following:

- fire safety was on the risk register and fire assessments were carried out in flats with communal stairways
- protection from IT and cyber-attacks – STRATA were teamed up with three authorities which therefore provided more resilience with two firewalls as well as areas such as email monitoring.

**RESOLVED:**

that the report be noted.

**\*13 S106 Payments Methodology update**

The Service Lead, Planning Strategy and Development Management advised Members of how the findings of the auditors in 2016 in relation to the monitoring of S.106 Agreements had been addressed.

Discussions included the following:

- Cranbrook was still waiting for S106 funds to be spent
- triggers inform when funds needed to be invoiced
- Councillors need to see what money was being spent in their areas
- S106 funding was indexed linked.
- the Council retained bank interest earned from S106 funds

- SWAP had an audit planned for S106 and Community Infrastructure Levy (CIL) in Quarter 2
- KPMG were committed to follow up on this issue.

**RESOLVED:**

that the report and how the new system operated be noted.

**\*14 Contract Standing Orders**

The Strategic Lead, Finance stated the requirement to review and update the Orders to ensure they were kept up to date and relevant. The document had been redrafted significantly but the main areas of amendments to note were:

- Competition requirements (including financial thresholds) had been amended in the main to tie in with Devon County Council Contract Standing Orders in order to facilitate aligned procurement processes. Procurement advice was now delivered by Devon Procurement Services as part of two year service level agreement.
- The Contract Standing Orders now stipulated the use of the electronic procurement portal for all contracts over £10,000. This would aid transparency and clear process, and would link to the Council's Contract Register and meet the requirement to publish contracts on the national database - Contract Finder.
- They had been redrafted to make them easier to use and apply by officers.
- The procedures around exemptions to Contract Standing Orders had been revised to make the process easier to administer.

**RESOLVED:**

1. that the key principles detailed in the revised Contract Standing Orders be endorsed,
2. that delegated authority to the Strategic Lead Finance and Strategic Lead Governance & Licensing to make further minor amendments and tidying up changes to the revised Contract Standing Orders prior to their presentation to Council for adoption be given.

**\*15 Audit and Governance Forward Plan**

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

Items to be considered at the September committee included:

- Internal Audit Activity – Quarter 1 & 2 2017/18
- Statement of Accounts 2016/17 including Governance Statement
- Report to those charged with Governance
- Analysis of consultants fees 2016/17
- Partnership Register
- RIPA Policy

**RESOLVED:**

that the Forward Plan be noted.

**Attendance list**

**Councillors:**

Mark Williamson (Chairman)  
Dean Barrow (Vice Chairman)  
Steve Gazzard  
John Dyson  
John Humphreys  
Cherry Nicholas

**Also present (for some or all of the meeting)**

**Councillors:**

Brian Bailey  
Rob Longhurst

**Apologies:**

Ben Ingham  
Bill Nash  
Steve Hall

**Officers present:**

Simon Davey, Strategic Lead – Finance  
Henry Gordon Lennox, Strategic Lead – Governance and Licensing  
Ed Freeman, Service Lead Planning Strategy and Development Management  
Amanda Coombes, Democratic Services Officer

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

Chairman ..... Date.....