

## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of a Meeting of the Audit & Governance Committee held in the Council Chamber at Knowle, Sidmouth on 29 November 2018**

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

The meeting started at 2.30pm and ended at 3.25pm.

**\*25 Chairman's welcome and announcement**

The Chairman welcomed everyone to the meeting. He paid tribute to Councillor Bill Nash, a member of the Audit and Governance Committee who had recently passed away. The Committee remembered with fondness how Cllr Nash would interrogate the accounts. They would miss his invaluable contribution from his vast experience, as well as missing him personally.

**\*26 Public Speaking**

There were no members of the public wishing to speak.

**\*27 Minutes**

The minutes of the Audit and Governance Committee meeting held on 27 September 2018 were confirmed and signed as a true record.

**\*28 Matters arising**

None

**\*29 Declarations of Interest**

None

**\*30 Internal Audit Activity- Quarter 2 2018-19**

Alastair Woodland, Assistant Director SWAP, provided the Committee with an update report on progress on the 2018/19 Internal Audit Plan as at 12 November 2018.

It was noted that overall progress was good. SWAP had been unable to provide an assurance on the business continuity and disaster recovery arrangements, as not enough adequate evidence had been received. This area carried a significant risk to the organisation and would be put into the following year's audit plan. Members expressed concern over this and the Strategic Lead – Finance explained the complexities of the officer roles involved and the ending of the Service Level Agreement with South Somerset District Council. Where the officer from SSDC looked after Business Continuity and Emergency planning, these areas were now split and assurance was given that a business continuity plan is being produced and EDDC had joined the Devon Emergency Planning Service. Details to be made available to SWAP in order for them to independently assess the adequacy of the arrangements.

One partial assurance had been identified, relating to GDPR. Only one action remained outstanding in relation to previously identified weakness around Data Protection and one further priority one recommendation was identified within the GDPR review. Remedial action had already been taken to address this issue.

The transformation strategy had received partial assurance as there was a significant budget shortfall in 2020/21. SWAP would like greater certainty in the savings in the budget.

It was noted that the office relocation project had its own risk register. One of the key risks were the ICT links between Exeter (which was where Strata ran global desktop from) and Honiton. Strata were due to be on site just before Christmas, which was within the project timeline. Ongoing conversations were taking place with Virgin Media and BT Openreach, but as they were external companies mitigations were needed.

SWAP had completed 54% of the Audit Plan for 2018/19. There had been one change made to the 2018/19 internal audit plan, which was that SWAP had been asked to confirm whether the basis for the request for additional resourcing by SUEZ was supported by adequate financial data. The time for this review had been taken from the ICT budget. It was noted that an audit was planned in quarter 4 for the management of council assets, which would focus on the process of managing assets rather than the assets themselves.

**RESOLVED:**

that the content of the report be noted.

**\*31 Annual Audit Letter – KPMG**

The Annual Audit letter from the outgoing external auditors KPMG, summarised the outcome from their audit work at East Devon District Council in relation to the 2017-18 audit year. Although it was addressed to Members it was also intended to communicate key messages to external stakeholders, including members of the public. KPMG issued an unqualified opinion of EDDC's accounts, which meant that they believed the financial statements gave a true and fair view of the financial position of the authority and of its expenditure and income for the year.

**RESOLVED:**

that the Annual Audit letter be noted.

**\*32 Grants certification report**

Public Sector Audit Appointments (PSAA) required its appointed auditors to prepare an annual report on the claims and returns certified for each audited body. The letter was KPMG's annual report for the certification work undertaken for East Devon District Council. In 2017/18 they carried out certification work on only one claim, the Housing Benefit Subsidy claim. The certified value of the claim was £30.9 million and was certified on 2 November 2018.

It was noted that KPMG's work with EDDC coming to an end and on behalf of the Committee the Chairman thanked the External Audit Manager and all of his colleagues for the professionalism they had shown towards EDDC with external auditing and for all the work that they had done.

**RESOLVED:**

that the Grants certification report be noted.

**\*33 Partnership Register**

Partnership information for the 2017/18 financial year until March 2018 was supplied to allow the Committee to monitor the status of the Council's partnerships. This followed the year-end review of partnerships by responsible officers for 2017/18. There were 13 active partnerships, but the Greater Exeter Greater Devon partnership was now redundant and therefore inactive, with the work being led by the Greater Exeter Strategic Partnership. The remaining partnerships presented no major current budget

issues, although most received some funding from EDDC. It was recommended that the Council's involvement with each of the partnerships continued with the benefits of continued engagement, as outlined in the report.

The Chairman asked the Strategic Lead – Finance for more information on the Blackdown Hill's Area of Outstanding Natural Beauty's multiplier. The Strategic Lead – Finance agreed to find out and provide the information back to the Committee.

Members queried the capabilities of the shared ICT service with Exeter City and Teignbridge Councils (Strata) and asked for assurances that EDDC was getting good value for money. The Strategic Lead – Finance declared a personal interest as a director of Strata, and went on to explain the heavy governance of Strata. The three partnering authorities had a joint executive which was made up of the leader and chief executive from each partner. There was also a joint Strata scrutiny committee as well as a board of directors. In addition to this Strata had its own independent auditors (Devon Audit Partnership (DAP)). The DAP reports go to SWAP and it was requested that the year end DAP report was requested to be brought to the Audit and Governance Committee.

The Committee noted that it was rarely possible to provide enough IT resource as IT was heavily linked to all the Council's services, with teams constantly having to prioritise work requests. However, sharing resources in partnership allowed greater opportunity for IT services to EDDC. The Strategic Lead – Finance explained that there was a process in place for business change requests and outlined the detailed methodology and framework procedure.

**RESOLVED:**

that the current status of partnerships until March 2018 be noted.

**\*34 RIPA update**

At the meeting of 18 January 2018, Members agreed to receive an update on RIPA activity throughout the year. The RIPA Senior Responsible Officer advised that there had been no requests for RIPA authorisation since the last committee.

**\*35 Audit and Governance Forward Plan**

Members noted the contents of the Committee Forward Plan for 2018/19.

Items to be considered at the January committee included:

- Internal Audit Activity – Quarter 3 2018/19
- Audit Committee update
- Risk Management review – half year review
- RIPA update
- Report on outcomes against the Corporate Counter Fraud and Compliance strategy

The Chairman advised that the next Committee meeting would take a slightly different format as two presentations had been arranged for the Committee. One was from Grant Thornton on local authority involvement in commercial investment and the other jointly from Devon County Council and Devon Audit Partnership on the transformation strategy. The presentations would start at 1pm, with a light lunch, with the Audit and Governance Committee meeting commencing at 2:30pm.

**RESOLVED:**

that the Forward Plan be noted.

**Attendance list**

**Councillors:**

Mark Williamson (Chairman)  
John Dyson (Vice Chairman)  
John Humphreys  
Ben Ingham  
Simon Grundy  
Steve Hall  
Steve Gazzard

**Apologies:**

Rob Longhurst  
Cherry Nicholas  
Dean Barrow (Portfolio holder – finance)

**Officers present:**

Simon Davey, Strategic Lead – Finance  
Henry Gordon Lennox, Strategic Lead – Governance and Licensing  
Alethea Thompson, Democratic Services Officer

Rob Andrews, External Audit Manager, KPMG  
Georgina Teale, Senior Auditor SWAP  
Alastair Woodland, Assistant Director SWAP

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