

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Audit and Governance Committee held at Knowle, Sidmouth on 27 March 2008

Present:

Councillors:

S C Luxton (Chairman)
T J R Wood (Vice Chairman)

D G Atkins
D G Button
C F A Gibbings
K C Potter

Also present:

Councillors:

A T Moulding, Portfolio Holder Resources
R Bloxham, Member Champion – Risk Management

Barrie Morris – Grant Thornton

Kate Jefferies – Grant Thornton

Officers Present:

Tanith Clark – Internal Audit and Governance Manager
Diccon Pearse – Corporate Director
Chris Lane – Democratic Services Officer

Apologies:

Councillors

R W Boote
J P Halse

The meeting started at 4.30 pm and ended at 6.05 pm

*30 **Minutes**

The minutes of the meeting of the Audit and Governance Committee held on 20 December 2007, were confirmed and signed as a true record.

*31 **Exclusion of the Public**

RESOLVED: that the classification given to the documents to be submitted to the Board be confirmed and that the reports relating to exempt information be dealt with under Part B of the agenda.

*32 **Use of Resources Auditor judgements 2007**

The Committee received the Use of Resources Judgements from the Audit Commission for East Devon District Council for 2007.

Members noted that the Use of Resources assessment evaluated how well Councils manage and use their financial resources. The assessment focused on the importance of having sound and strategic financial management to ensure that resources were available to support the Council's priorities and improve services.

***32 Use of resources Auditor judgements 2007 (Cont)**

Members noted that at the previous evening's Executive Board the Annual Audit and Inspection Letter received from the Audit Commission had been presented and discussed. This Letter had highlighted a number of points concerning the Council's performance to Members. The Council needed to ensure that proper arrangements were in place for the conduct of its business and that it safeguarded and properly accounted for public money. The recommendations within the Letter were included to assist the Council in meeting its responsibilities. Overall the Council was given a level three score, which can be translated as "performing well". In order to maintain this score it was noted that the Internal Audit & Governance section needed adequate resources to meet its responsibilities.

RESOLVED: that the report on the Use of Resources Judgements 2007 be noted,

***33 External Audit Plan**

The Committee received a verbal report from Barrie Morris and Kate Jefferies from Grant Thornton on the External Audit Plan. Members noted that the Audit Commission required Grant Thornton, the Council's External Auditors to produce an Audit Plan by 30 April 2008, the arrangements would be published in draft.

Barrie Morris from Grant Thornton gave an explanation of the change in the programme of work required by the Audit Commission. He confirmed that they were working with officers to determine the programme of work for the 2008/09 Audit Plan and expected to be able to bring a report to the next meeting on 26 June 2008. In particular they were working with the Accounts team and the Head of Finance. The Committee supported and encourage this working arrangement. It was noted that there would be core activities which the External Auditors would be looking to follow up every year.

Barrie Morris emphasised that the annual Statement of Accounts was a complicated document which could be difficult to understand. There was the need to make the report understandable to the general public in order to encourage an open and transparent engagement with the public. Members noted that the guidance from the Audit Commission for production of the 2008/09 Audit Plan was only recently issued and included radical changes to its requirements. This explained why the 2008/09 Audit Plan was not yet available.

Barrie Morris and Kate Jefferies from Grant Thornton were thanked for their presentation.

RESOLVED:

1. that the External Audit Plan be noted;
2. that a completed copy of the 2008/09 External Audit Plan be circulated to members of the committee as soon as it was available.

***34 Learning from complaints**

Consideration was given to the report of the Complaints Officer on Learning from complaints. Members noted that the Council recognised the importance of the outcome of formal complaints in the continual improvement of services. The report summarised two complaints from which lessons could be learned from the Local Government Ombudsman feedback.

RESOLVED: that the action points from recent complaints be noted.

***35 Updated statement of purpose for the Audit & Governance Committee**

Consideration was given to the report of the Internal Audit and Governance Manager on the updated statement of purpose for the Committee.

RESOLVED that the updated Statement of Purpose for the Audit & Governance Committee be approved.

***36 Updated Corporate Risk Management (CRM) policy and strategy, risk management toolkit and leaflet "Your guide to Corporate Risk Management"**

Consideration was given to the report of the Internal Audit and Governance Manager regarding the Updated Corporate Risk Management (CRM) policy and strategy, risk management toolkit and leaflet "Your guide to Corporate Risk Management". Members noted that the Corporate Risk Management Policy and Strategy, Risk Management Guide (Toolkit) and Leaflet "Your Guide to Risk Management" as well as other documents produced by Internal Audit should have a date when they were produced added.

Concern was expressed that Members did not have electronic access to the Risk Register and their only access was by visiting the Knowle. Members considered that they should have access to the Risk Register via their computer. Members also considered that it should be the role of the Committee to monitor risk, particularly at times of high risk.

RESOLVED that the Corporate Risk Management Policy and Strategy, Risk Management Guide (Toolkit) and Leaflet "Your Guide to Risk Management" be approved.

***37 Corporate Governance Activity for the period 1 January to 31 March 2008**

Members of the Committee considered the report of the Internal Audit and Governance Manager regarding the Corporate Governance Activity for the period 1 January to 31 March 2008.. This included the Corporate Governance Assurance Statement – Action Plan and the Corporate Governance Work Plan 2007/08 and 2008/09.

Members noted that Karime Hassan, Corporate Director would produce a report on the revised and updated Asset Management Strategy, to include a definition of standards and to consider options for direct provision and alternatives.

RESOLVED:

1. that Members continue to monitor and review the Corporate Governance Assurance Statement – Action Plan and the Corporate Governance Work Plan for 2007/08;
2. that the Corporate Governance Work Plans be approved.

***38 Internal Audit activity for the period 1 January to 31 March 2008**

Consideration was given to the report of the Internal Audit and Governance Manager regarding Internal Audit activity for the period 1 January to 31 March 2008. This included audit staffing, Audit Plan monitoring to 31 March 2008, key audit findings, risks and recommendations and the Statement of Internal Control (SIC) – Action Plan monitoring.

The Portfolio Holder for Resources confirmed that funding would be made available to cover vacancies in the Internal Audit section through the employment of agency staff. Members noted that, despite the staffing problems, there had been a lot of work completed on the plan during the past year.

***38 Internal Audit activity for the period 1 January to 31 March 2008 (Cont)**

With regard to this item on the Action Plan and item 9 on the statement of Internal /control dealing with security of BACS payment files. Members questioned the reason for recording the issue as being “not implemented” when it was accepted that there was no cost benefit solution available at the present time.

RESOLVED

1. that the proposal to cover vacancies through the employment of agency staff at an additional cost of £12,080 be approved;
2. that the Audit Plan monitoring document be approved;
3. that Members continue to monitor and review the Statement of internal Control (SIC) – Action Plan and the Key Audit Findings, Risks and Recommendations.

***39 Internal Audit 5 year strategic plan and work plans for 2008/09**

Members considered the Internal Audit five year strategic plan and work plans for 2008/09. The Internal Audit & Governance Manager confirmed that the plan was exclusively internal audit; it concentrated on the review of systems, risks and controls within the council and was a key element in the Council’s corporate governance arrangements. She reported that due to the shortage of staff, there maybe slippage in the work plans. As a result, consideration would be given to producing a revised timetable for the work plan, due to the shortage of staff.

RESOLVED

that the 5 year Strategic Audit Plan (2008/09 – 2012/13 be approved.

40 Exclusion of the Public*RESOLVED**

that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out in the agenda is likely to be disclosed and on balance the public interest is in discussing the items in private session (Part B).

***41 Report on Benefit irregularity**

Consideration was given to the report of the Internal Audit & Governance Manager on a report of Benefit irregularity.

RESOLVED

1. that the report be noted;
2. that the Head of Organisational Development be requested to attend a future meeting of the Committee to explain the Council’s disciplinary procedures and the role of the Internal Audit & Governance Manager in investigations relating to fraud, theft and irregularity, in line with the Council’s financial regulations.

***42 Report on theft of laptop**

Consideration was given to the report of the Internal Audit & Governance Manager on a report of the theft of a laptop from the ICT section. An action plan containing all the recommendations arising from the report had been provided and would be monitored by the Internal Audit & Governance Manager.

*42 **Report on theft of laptop** (Cont)

RESOLVED

1. that the report be noted;
2. that the Committee wished to record its disappointment that the Council's Financial Regulations were not followed in this case;
3. that the Head of ICT be requested to attend the next meeting of the Committee in respect of this issue.

*43 **Risk management**

Councillor Ray Bloxham, Member Champion for Risk Management reported that Risk Management underpinned the decisions and day to day working practices of the Council. His report summarised his preliminary view of the risk management process, the risk register and the constraints on the efficient working of the team responsible for its update and ongoing reliability.

The report reflected upon whether new computer software should be identified or whether the existing system could be adapted. Furthermore, it challenged the organisation's use of the risk register and whether it was efficient and effective. Members considered that the staff resource issues discussed in the report should be pursued as a matter of urgency.

RESOLVED:

1. that a TAFF be set up, as a matter of priority –
to review the structure and conditions of the Internal Audit and Governance team to address the matters (real or perceived) listed in the main body of this report. The membership to be Councillors R Bloxham, D Button, C Gibbings, S Luxton and T Wood ;
2. that the following be carried out:
 - a) A review of Corporate Governance within the Council.
 - b) The creation of the lapsed "Risk Management Group" to look at all aspects of risk management to include a revised risk register (including computer options) with a view creating a corporate appetite for the process of risk management as part of the day job.
3. that external training be established for Officers and Members on Corporate Governance and further training including fraud and money laundering training for audit team staff.

RECOMMENDED

1. that the Members Champion for Risk Management become a member of the Audit & Governance Committee;
2. that the remit of the Member Champion should be expanded to include Corporate Governance.

Chairman

Date.....