

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Audit and Governance Committee held at Knowle, Sidmouth on 26 March 2009

Present:

Councillors:

Ray Bloxham (Chairman)
Tim Wood (Vice-Chairman)

David Atkins
Bob Buxton
Chris Gibbings
Ken Potter

Also Present:

Councillors:

Peter Bowden - Member Champion for Risk Management
Graham Troman – Member Champion for Data Quality
Martin Green – CAA Lead
Kate Jefferies – Grant Thornton
Barrie Morris – Grant Thornton

Officers Present:

Tanith Cox – Internal Audit and Governance Manager
Debbie Meakin – Democratic Services Officer
Diccon Pearse – Corporate Director
Mark Williams – Chief Executive

Apologies:

Councillors:
Roger Boote
To check

The meeting started at 2.30 pm and ended at 4.51 pm

*43 **Public Questions**

No questions were raised by members of the public or Councillors.

*44 **Minutes**

The minutes of the meeting of the Audit and Governance Committee held on 29 January 2009 were confirmed and signed as a true record.

*45 **Annual Audit and Inspection Letter**

The Chairman welcomed Martin Green, CAA Lead from the Audit Commission.

Martin Green set into context the Audit and Inspection Letter, which referred to the financial year 2007/08 and had also been updated where necessary to reflect the situation when the inspection was carried out, late 2008 early 2009.

The key messages set out in the letter were discussed at length:

- delivery of affordable housing in the last 18 months has been limited as the Council had focused on the Cranbrook development – Members discussed the requirement on the Council to develop a new town and the recent economic climate that had impacted on progress. The advice from the Audit Commission was to seek out more innovative ways of realising housing development as other authorities had successfully achieved. The Chief Executive gave the example of the move to develop at Stowford in Sidmouth to provide homes for the rental market. Members agreed that Development Committee had a role in examining policy to permit more affordable development at exception sites;

***45 Annual Audit and Inspection Letter (continued)**

- improvements had been delivered in a number of priority service areas including environment, housing and access to services. The Council had improved more of its performance indicators than most district councils and had an above average proportion of these in the best quartile;
- Housing benefits and planning services remained comparative weaknesses for the Council although there had been some recent improvements following systems reviews – Members discussed the recent progression with the systems thinking review and the recent working party looking at Ward Member involvement in planning;
- The Council has retained its overall score of 3 (out of 4) for use of resources. There would be a revised assessment from Spring 2009, which the Council was advised to be well positioned to meet the challenge of the revised use of resources assessment. Members discussed the merits of having reserves that had enabled a zero increase in council tax; the advice from Grant Thornton was that any reserves should be marked for specific projects as the Council did not have a role to hold tax payer's money without a justified reason.

The Chairman challenged why some information, such as the work on appealing the Boundary Commission's decision, was reflected in the Annual Letter; whilst other work carried out such as the implementation of fraud policies, was not reported. Grant Thornton responded with their view on the length of time that constituted as implementation being over two years in order to report in the Annual Letter.

Martin Green outlined the challenges ahead for the Council in meeting Comprehensive Area Assessment (CCA) and briefly outlined the criteria for the assessment. Partnership working would be key to cover the area based questions and he recommended to Members the case study of a fictitious Council and their assessment on the Audit Commission's website. A presentation on CCA would be made at a future Executive Board.

RESOLVED: that the Annual Audit and Inspection Letter be noted.

***46 Annual Audit Fee 2009/10**

Grant Thornton highlighted a number of areas of their proposed work for 2009/10, including their risk assessment for value for money audit work:

- review of revenue budget;
- review of the constitution to ensure it meets current priorities;
- review the restructured Internal Audit plan;
- review the corporate risk register.

Members briefly debated the cost involved and the discounts previously given on the audit fee.

RESOLVED: that the Annual Audit Fee 2009/10 be noted.

***47 Future of the Corporate Risk Management Arrangements**

Peter Bowden, Member Champion for Risk Management, gave credit to the officers and the Senior Management Team for the work and support to the new Corporate Risk Register. The next steps were:

- final revisions for clear descriptions;
- presentation of “toolkit” to Senior Management Team;
- Heads of Service to update information held in the existing register;
- Corporate Risk Register fit for purpose by September 2009.

Andrew Moulding, Portfolio Holder for Resources, added his thanks to all involved in this important piece of work.

48 Internal Audit & Corporate Governance Work Plans ‘v’ budget and resources available to complete them

The Committee considered the report of the Internal Audit and Governance Manager. She reported the expectation that Internal Audit will not be able to complete their Annual Plans in the 2009/10 year due to lack of budget and trained staff resources. The report attached copies of the original internal audit workplans and also provided copies of the revised internal audit workplans, the latter of which contained only audits deemed as high risk and that should be completed as a priority.

The report also highlighted the expectations placed upon the Council by the external auditors and the Audit Commission in terms of their reviews of internal control, data quality and Use of Resources.

Members debated the costs set out in the report, considering both the current freeze on recruitment and the need to minimise the risk to the Council in undertaking the audit work required. A secondment option was discussed but the time and resource of training other officers was thought to outweigh the benefit. The long term plans of the service would be discussed at a future meeting of the Committee.

A question was raised on a ‘special item’ in the budget of £60k was approved or not, and whether IA would have the budget required to recruit a principal auditor.

- RECOMMENDED:**
1. that in light of the potential risk to the Council, the essential audit work be carried out;
 2. that the revised audit plan be approved;
 3. that an advertisement be made for a permanent member of staff, on the basis that should there be no suitable candidates, the Council continue to employ contractor staff;
 4. that the projected budget to deliver the revised audit plan be approved for staff resources.

***49 Internal Audit Activity – 1 January to 31 March 2009**

The Internal Audit and Governance Manager updated Members on the progress with the core audit work. Priorities had changed in light of staff resource changes but it was hoped that the work would be completed within the planned timescale.

- RESOLVED:** that the report be noted.

*50 **Corporate Governance Activity – 1 January to 31 March 2009**

The Committee considered the report of the Internal Audit and Governance Manager relating to the Corporate Governance activity report, looking in particular at the policies, strategies and codes recently introduced.

RESOLVED: that progress made on the Corporate Governance Work Plan 2008/09 be noted.

That the progress made on the Governance Assurance Statement be noted.

That the Audit policies, codes and procedure documents be subject to a review where applicable and that the process surrounding the capture of RIPA information be subject to revision and be presented to a future meeting of the Committee.

*51 **Corporate Governance arrangements and the Council's Partnerships**

This item had been deferred previously, but Members agreed to defer to a future meeting because of the time needed to discuss the issue.

RESOLVED: that the Corporate Governance arrangements item be deferred to a future meeting of the Committee.

Chairman Date.....