

**EAST DEVON DISTRICT COUNCIL**  
**Minutes of a Meeting of the**  
**Audit and Corporate Governance Committee**  
**held at the Council Chamber, Knowle, Sidmouth,**  
**on Thursday 3 December 2009**

**Present:** Councillors:  
Ken Potter (Chairman)  
Tim Wood (Vice-Chairman)  
  
David Atkins  
Peter Bowden  
Bob Buxton  
Chris Gibbings  
Stephanie Jones

**Also Present:** Councillors:  
Andrew Moulding – Portfolio Holder – Resources  
Graham Troman – Member Champion for Data Quality

**External Auditors:** Simon Jones, Grant Thornton

**Officers:** Tanith Cox, Internal Audit and Governance Manager  
Steve Cross, Health and Safety Manager  
Bob Darbourne, Communications and Improvement Manager  
Simon Davey, Head of Finance  
Christopher Holland, Democratic Services Officer  
Diccon Pearse, Corporate Director  
Chris Powell, Head of ICT  
Mark Williams, Chief Executive

**Apologies:** Councillors:  
Derek Button

The meeting started at 2.30 pm and ended at 4.24 pm

\*20 **Public Questions**

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

\*21 **Minutes**

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

\*22 **Exclusion of the Public**

**RESOLVED:** that the classification given to the documents to be submitted to the Committee, be confirmed, and that the reports relating to exempt information, be dealt with under Part B.

\*23 **Annual Audit Letter 2008-09**

Members considered the Annual Audit Letter 2008-09 which had been received from Grant Thornton, the Council's external auditors. Presenting the letter, Simon Jones commented that the Annual Audit Letter summarised the key issues arising from the work undertaken by Grant Thornton during the 2008/09 audit of the authority. The annual audit had included work undertaken regarding the audit of the 2008/09 accounts, assessing the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

**\*23 Annual Audit Letter 2008-09 (cont'd)**

Members noted that the Council had made good progress to improve the accuracy of its accounts. Members also highlighted areas of concern including risk management and internal control which had been commented on in the report. Members felt that recently introduced measures and procedures which would be reported in the 2009/10 audit would tackle any areas of concern.

**RESOLVED:** that the report be noted.

**\*24 Use of Resources Action Plan 2009**

Members considered the report received from Grant Thornton, the Council's external auditors regarding the Council's Use of Resources and associated action plan. Presenting the report, Simon Jones commented that 2009 was the first full year of the new Use of Resources regime and consequently authorities had needed to adjust the methods of data collection and presentation. Members noted that in most areas the Council had scored 2 which was comparable with other local authorities although disappointing from many of the previous year's scores. Members were pleased that the authority scored on comparable levels to other authorities in the key areas of Managing Finances, Governing the business and Managing Resources.

**RESOLVED:** that the report be noted.

**\*25 Implementation of International Financial Reporting Standards (IFRS)**

Members considered the report of the Head of Finance concerning the International Financial Reporting Standards which were being adopted by the Council.

Members noted that International Financial Reporting Standards (IFRS) would be applicable for the 2010/2011 Statement of Accounts. 2009/2010 figures will need to be restated to comply with IFRS, making it necessary to collect data from 1 April 2009. It was noted that in order to successfully convert to IFRS support would be required from several areas of the Council and would have a significant impact on the Finance team. The report highlighted the key issues, the risks involved and the possible resource implications. Members commented that although the exercise was costly and time consuming it was a statutory requirement.

**RESOLVED:** that the requirement to implement IFRS and the potential resource implication issues involved be noted.

**\*26 Health & Safety responsibilities of Elected Members**

Members considered the report of the Health and Safety Manager which detailed the Health and safety responsibilities of Councillors.

It was noted that Members had a responsibility for ensuring the Council's health and safety arrangements were adequate. Members also needed to consider health and safety implications when making decisions on behalf of the Council or their electorate. It was noted that the Council's insurers, AIG, had been asked to provide a half-day course "Health and Safety briefing for Elected Members" which would take place at the Council free of charge.

**RESOLVED:**

- 1) that the report be noted.
- 2) that all members of the Council be invited to attend the Health and Safety briefing for Elected Members to be run by the Council's insurers, AIG.

**\*27 Response to ICT Action Plan – ICT Services**

Members considered the report of the Audit & Governance Manager relating to the audit the ICT service. Members noted that the audit into the Council's ICT arrangements during 2008/09 had culminated in a report and action plan being presented to the Committee in January 2009. Following this, Internal Audit's Annual Report presented to the Committee in June 2009 had highlighted the weaknesses found in this area and the fact that there was currently no ICT audit expertise to conduct the follow up to the review to ensure that the recommendations made and agreed were being implemented. At that meeting the Chief Executive confirmed that it was appropriate to seek an interim report from the Head of ICT on the progress being made in implementing recommendations.

Members were particularly concerned regarding the Novell-Microsoft migration which had a cost estimate of £47,000 (business case), an agreed Budget of £50,000 but the total cost at the date of the audit was £157,509 (October 2008). The Head of ICT, reporting to Members, explained that a major factor was that a large number of items had been miscoded against other projects. There was still an overspend but after correction had been made to the coding the level of the overspend was much less. The Head of ICT stated that although there had been overspends, the total budget provision for the service and portfolio had been within budget. Members requested that a more detailed financial report showing expected and actual expenses for ICT be presented to the next meeting of the Committee.

Members were disappointed that the Portfolio Holder, Communications was again not present for the ICT related item.

- RESOLVED:**
- 1) that the report and action plan be noted.
  - 2) that the Head of ICT provide a detailed financial report showing ICT expected and actual expenses for 2008 and 2009 at the next meeting of the Committee.
  - 3) that that the Portfolio Holder, Communications be asked to attend the next meeting of the Committee when discussing the report agreed in (2) above.

**\*28 Internal Audit activity report for the period:****1 October to 31 December 2009**

Members considered the report of the Audit & Governance Manager which highlighted Internal Audit activity for the third quarter, indicating where audits were progressing well and identified those that had slipped against the internal audit plan.

Members noted the progress made and were also informed of the audits that remained outstanding. The report also gave a brief details on the staffing situation within the Council's Audit and Governance section.

After reviewing the attached Audit Report Executive Summaries, Members were concerned at the use of the Constructionline system within Housing Services. It was noted that the use of Constuctionline and the associated procedures within the service had already been discussed with the relevant Officers. Members requested however, that the matter be drawn to the attention of the Portfolio Holder, Communities.

Members expressed concern regarding the issue of counterfeit £1 coins collected from car parking ticket machines. It was noted that the Royal Mint did not provide the Car Parks Contractors with receipts for coins returned and therefore no appropriate monitoring was in place. Members noted that Internal Audit would write a follow up report for the next meeting of the Committee after additional enquiries.

**\*28 Internal Audit activity report for the period:  
1 October to 31 December 2009 (cont'd)**

- RESOLVED:**
- 1) that the report be noted.
  - 2) that the Portfolio Holder, Communities be made aware of the Audit report on the use of Constructionline lists and tendering processes within the Housing Service.
  - 3) that Internal Audit produce a follow-up report on the level of counterfeit coins received from Car Parks.

**\*29 Corporate Governance activity for the period:  
1 October to 31 December 2009**

Members considered the report of the Audit & Governance Manager which outlined the work undertaken to ensure the council's corporate governance arrangements were effective and in compliance with its local Code of Corporate Governance.

The Member Champion for Risk Management noted reported that new Corporate Risk Register had been placed online on the Members Home Page for viewing and would be updated weekly. He also made reference to an instruction document which would guide members when using the online CRR on the Members' webpage.

The issue of anti fraud and security checks for new employees, particularly agency workers was highlighted by Members who felt that there should be a low level of checking when employees started with the authority.

Progress was reported on the National Fraud Initiative work being completed in the Council and the complementary work now being undertaken relating to the Council's counter-fraud arrangements. Members were made aware of some improvements that could be made, primarily within Housing Services and a summary report detailing these improvements has been submitted to the Council's Chief Executive. Final reports detailing both the outcome of the NFI exercise for 2008/09 and the complementary counter-fraud arrangements report would be submitted to the Audit & Governance Committee in March 2010.

- RESOLVED:**
- 1) that the report be noted.
  - 2) that the establishment of the new Corporate Risk Register be supported.
  - 3) that the Chief Executive ensures minimal antifraud/security checks are carried out by Human Resources when new employees commence a contract with East Devon District Council.
  - 4) That a report detailing the outcome of the NFI exercise be presented to the Committee in March 2010.
  - 5) That a report detailing the improvements the Council should make to its counter-fraud arrangements be presented to the Committee in March 2010.

**\*30 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 is likely to be disclosed and on balance the public interest is in discussing the items in private session (Part B).

\*31 **Results of Computer Audit and Internal Audit Tender Exercise**

Members of the Committee considered the report of Internal Audit and Governance Manager regarding the award of the Computer Audit Tender and an Internal Audit Tender.

**RESOLVED:** that the appointment of the successful Computer Audit and Internal Audit providers be approved.

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