

EAST DEVON DISTRICT COUNCIL
Minutes of a Meeting of the
Audit and Corporate Governance Committee
held at the Council Chamber, Knowle, Sidmouth,
on Thursday 21 January 2010

- Present:** Councillors:
Ken Potter (Chairman)
Tim Wood (Vice-Chairman)
David Atkins
Peter Bowden
Bob Buxton
Chris Gibbings
- Also Present:** Councillors:
Graham Troman – Member Champion for Data Quality
- External Auditors:** Barrie Morris, Grant Thornton
Kate Jefferies, Grant Thornton
- Officers:** Tanith Cox, Internal Audit and Governance Manager
Simon Davey, Head of Finance
Christopher Holland, Democratic Services Officer
Diccon Pearse, Corporate Director
Len Wright, Parking Services Manager
- Apologies:** Councillors:
Derek Button
Stephanie Jones
Andrew Moulding – Portfolio Holder, Resources

The meeting started at 2.30 pm and ended at 4.15 pm

***32 Public Questions**

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

***33 Minutes**

The minutes of the meeting of the Audit and Governance Committee held on 3 September 2009 were confirmed and signed as a true record.

Members asked that the report on the ICT budget (Minute 28 refers) be included on the next agenda for the 18 March 2010 Committee meeting.

***34 Urgent item – Corporate Risk Management Group Update**

The Chairman gave permission for an urgent item to be considered by Members concerning the work of the Corporate Risk Management Group (CRMG). Urgent consideration was necessary to ensure that the Committee were informed of their online access to the new Corporate Risk Register.

The Chairman of the CRMG stated that the newly compiled Corporate Risk Register (CRR) was available for Members to view from the members section of the website; guidance on accessing this data given had already been to Councillors. It was noted that the register had been populated in consultation with Officers and Members could comment on the register entries when the corresponding issues were discussed at Overview and Scrutiny Committees.

***34 Urgent item – Corporate Risk Management Group Update (cont'd)**

The CRMG would discuss, at their next meeting how the Audit and Governance Service would review and report on the CRR. Such reports could be presented to the Audit and Corporate Governance Committee with any concerns highlighted. The aim was to create and approve a designated protocol for the formation of risk issues on the register and the continuous review and update of any actions undertaken in the light of issues highlighted by Members.

RESOLVED: that the report be noted.

***35 Urgent item – Loss of Income due to Counterfeit Coins**

The Chairman gave permission for an urgent item to be considered by Members concerning lost car parking charge income due to counterfeit coins. Urgent consideration was necessary as the finances of the authority was under increasing strain. Members were requested to recommend what measures, if any, could be put in place to reduce the Council's losses.

Members were reminded that in December 2009, the Committee had been made aware of the issue surrounding counterfeit £1 coins. The main issue was that after collection from car park machines, the contractor would return 'counterfeit coins' to the Royal Mint and the Council is not re-imbursed. The Royal Mint require all coins to be returned to their Cardiff plant for destruction. Members had expressed concern with the amount of lost income which had risen to approximately £7,300.

Len Wright, the Council's Parking Services Manager stated that it is getting more and more difficult to prevent the use of counterfeit coins. He said that the larger cash collection contractors, because of their size, could absorb the losses produced by counterfeit coins as they did not wish to lose the contracts. In the case of the Council, the smaller contractor could not afford to write off the losses and these were passed on to the authority. The Council's car park income is collected by "Contract Security Services Ltd" who had a depot for cash processing in Andover. A meeting had taken place with the managing director of this company to determine the system surrounding the collection and processing of the Council's income and the process the contractor uses to identify counterfeit coins.

It was noted that one potential course of action was to re-calibrate the ticket machines to reject more coins. The Council had 63 ticket machines and it would cost £10,080 to re-calibrate them. Members noted however that such a move was likely to be unpopular with the public as the machines would reject a much higher proportion of coins in general.

Another potential measure which could reduce losses was to work in partnership with other councils to collect and count the moneys locally. This system is being used successfully with Exeter, South Hams and Teignbridge Councils in an existing partnership. It was noted that preliminary discussion had found that those authorities were willing to accommodate EDDC should it wish to join such a scheme.

Members were made aware that the Contractor appeared to be giving a good service but that the Royal Mint, from January 2010 would not provide receipts for any counterfeit coins returned to them. Members were concerned and wished to minimise the lost income from the counterfeit money.

- RESOLVED:**
- 1) that detailed figures showing the gross profits from car parks be reported at the next meeting of the Committee.
 - 2) that a letter be written to Royal Mint asking for their confirmation that a separate receipt be provided for the Council's monies.
 - 3) that the CRR be updated with the risk relating to loss of income from counterfeit coins.

***36 Grants report 2008-09**

Members considered the report of the Council’s external auditors, Grant Thornton regarding the claiming of Government grants. It was noted that the Council received six grant claims and returns from government departments and other bodies in 2008-09, representing income in excess of £57 million. Compared with 2007-08, the Council had successfully reduced the number of claims subject to amendment and qualification, and had submitted a higher percentage of claims within the required deadline. It was also noted that the Council has made significant progress with the accuracy of the housing revenue account base data return, addressing the full qualification in 2007-08.

The report made a number of recommendations to address the key findings and matters arising from the grants audit. Implementation of the agreed recommendations would further assist the Council in compiling accurate and timely claims for certification. This would reduce the possible risk of penalties for late submission, potential repayment of grant and additional certification fees, in the event of any amendments or qualifications.

RESOLVED: that the report be noted.

***37 Financial Statements Plan 2009-10**

Members considered the report of the Council’s external auditors, Grant Thornton regarding the Financial Statements Plan 2009-10. The plan set out the work to be undertaken for the audit of the 2009-10 financial statements. The plan is based on the Audit Commission’s risk based approach to audit planning.

Members noted that from 2010-11, the Council was required to prepare its statement of accounts under the International Financial Reporting Standards (IFRS) based on an IFRS Code of Practice on Local Authority Accounting prepared by CIPFA. 2009-10 would be an important year in this process as the Council would be required to restate its balance sheet as at 1 April 2009 and its 2009-10 financial statements to provide the data to compare against its first IFRS accounts.

RESOLVED: that the report be noted.

***37 Audit and Governance TaFF – progress in delivering action plan**

Members considered the report of Diccon Pearse, Corporate Director regarding the progress on delivering the recommendations of the Audit and Governance TaFF. Members had received the final report of the Audit and Governance Taff at its meeting on 25 September 2008. Attached to the report was a explanation of the actions taken in respect of the recommendations adopted by the Committee.

Members were concerned with the ability of the Council to deliver the Annual Audit plan. The TaFF was advised that the Job Evaluation exercise had resulted in lower grades in a number of support services, including Internal Audit, and that the market supplement policy had been applied in order to help in the recruitment and retention of staff in respect of hard to fill posts. The Service also had difficulty in attracting and at times retaining suitably qualified contract auditors. The decision to recruit 2 trainee auditors and retain the services of a contract auditor had only been partially successful. To address the position, the Committee had resolved to temporarily reduce the number of audits undertaken, restricting activity to higher risk areas, and to supplement internal resources by contracting out a range of audits.

- RESOLVED:**
- 1) that the report be noted.
 - 2) that a report setting out the 2010 Audit & Governance Plans be considered at the next meeting of the Committee on 18 March 2010.

Chairman Date.....