

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Audit and Governance Committee held at Knowle, Sidmouth on 27 September 2007

Present: Councillors:
S C Luxton (Chairman)
T J R Wood (Vice Chairman)

D G Atkins
R W Boote
K C Potter

Also present: Councillor A T Moulding – Portfolio Holder, Resources

Kieron Marston – Audit Commission
Kathryn Rees – Audit Commission
Peter Lawrence – Audit Commission
Barry Morris – Grant Thornton
Simon Jones – Grant Thornton
Iain Pearcey - Audit Commission

Officers Present: Tanith Clark – Internal Audit and Risk Manager
Simon Davey – Head of Finance
Christopher Holland – Democratic Services Officer
Andrew Jarrett – Financial Services Manager
Diccon Pearse – Corporate Director - Economy
Mark Williams – Chief Executive

Apologies: Councillors:

D G Button
J P Halse

The meeting started at 4.30 pm and ended at 5.50 pm

***13 Minutes**

The minutes of the meeting of the Audit and Governance Committee held on 28 June 2007, were confirmed and signed as a true record.

***14 Audit Commission Report: Annual Governance Report**

The Chairman welcomed auditors from the Audit Commission. Consideration was given to a draft of the Audit Commission's Annual Governance Report. Councillors expressed concern that the document had only been made available to them at the meeting which gave insufficient time to read it properly. The Audit Commission stated that the audit and document preparation had a very tight timescale but that they would aim to circulate future reports in time for attachment to Committee agendas.

Members discussed the report as presented to the Committee and the two action plan points required by the auditors

RESOLVED: 1) that the report be noted.

2) that it is the intent of the Council to achieve the action points required on Page 10, Appendix 1 of the Annual Governance Report (The Head of Finance to action these)

***15 Audit Commission Report: Audit and Inspection Plan**

The Chairman welcomed auditors from the Council's independent auditors, Grant Thornton. Consideration was given to the Audit and inspection Plan which had been previously circulated to members. It was noted by Members that the report and future work of the auditors would concentrate around the following themes:

- Financial reporting
- Financial management
- Financial standing
- Internal control
- Value for Money

Each theme would be scored against based on the Key Lines of Enquiry (KLoE) statistics. The details of the scores and judgements would be reported to the Council and be accompanied where appropriate by recommendations of what the Council needed to do to improve those areas. The scores would then be reported to the Audit Commission and be used as a basis for its overall use of resources judgement for the purposes of Comprehensive Performance Assessment (CPA). Members discussed the document and it was agreed that the date for submission of the 2007 data quality report should be made later to enable it to be submitted in time.

- RESOLVED:**
- 1) that the report be noted.
 - 2) that the indicative date for production of the Data quality report be amended to mid-November 2007.
 - 3) that the 2008 Annual Governance Report be circulated to Members as part of the main agenda which will consider the item.

***16 Financial Regulations, Financial Operating Procedures, Contract Standing Orders and Document Retention Guidelines**

Consideration was given to the report of the Internal Audit and Risk Manager regarding the Council's suite of financial policies. It was noted that these were made up of four documents which, when brought together form the hub of financial procedures to support all levels of the Council. The documents were the Financial Regulations, Financial Operating Procedures, Contract Standing Orders and Document Retention Guidelines.

To enhance the policy documents and to provide guidance for all levels of staff, It was planned that two additional documents would be written and circulated in due course. These were the Contract Management Handbook and the Lower Level Procedures. It was suggested that under item B7 (Virement), the Chief Executive should consult the Portfolio Holder – Resources before taking a decision.

- RESOLVED** that the revised Financial Regulations, Financial Operating Procedures, Contract Standing Orders and Document Retention Guidelines be approved.

***17 Anti-Fraud, Theft and Corruption Policy**

Consideration was given to the report of the Internal Audit and Risk Manager regarding the Council's Anti-Fraud, Theft and Corruption Policy (and Quick Guide) which was reviewed in May 2007 and needed to be ratified by the Audit & Governance Committee. The document explained the definitions used in the Policy and highlighted the culture of the council to be one of honesty and opposition to fraud, theft and corruption. The Policy went on to explain what the council did to prevent fraud, theft and corruption in terms of its internal framework of internal controls, its staff and member policies and its internal systems and procedures.

RESOLVED: that the revised Anti-Fraud, Theft and Corruption Policy be approved.

***18 Whistle Blowing Policy**

Consideration was given to the report of the Internal Audit and Risk Manager regarding the Council's Whistle Blowing policy Policy which was reviewed in May 2007. A Quick Guide had also been drawn up to complement the one available for Anti-Fraud, Theft and Corruption. The Policy needed to be ratified by the Audit & Governance Committee. The Policy outlined that staff or members of the public could raise a concern and detailed the protection available to them should they wish to do so. It was noted that the Policy was intended to deal with serious or sensitive concerns such as fraud, a criminal offence or health and safety breaches.

RESOLVED: that the revised Whistle Blowing Policy be approved

***19 Use of Resources Auditor Judgements: Implementation of improvement Opportunities – Progress Report**

Consideration was given to the report of the Internal Audit and Risk Manager regarding the Audit Commission's report "Use of Resources Auditor Judgements" issued in June 2007. The report contained their key findings and conclusions together with their recommended 'improvement opportunities' for each of 5 themes. Each theme contained a number of Key Lines of Enquiry (KLoE), these KLoEs were checked annually by the Audit Commission and a score given to each council. East Devon District Council had been judged to be level 3 which equates to being consistently above minimum requirements – performing well.

The report of the Internal Audit and Risk Manager detailed the progress made so far by the Council in implementing the Audit Commission's 'Improvement Opportunities'. The report also contained a separate table detailing the criteria that the Audit Commission had judged as 'must have' for the next assessment and again set out the progress made by the Council in achieving this.

***19 Use of Resources Auditor Judgements: Implementation of improvement Opportunities – Progress Report (cont'd)**

RESOLVED:

- 1) that the report be noted.
- 2) that Members continue to monitor the Council's progress with regards to implementation of the Audit Commission's 'Improvement Opportunities'.

***20 Update to the Local Code of Corporate Governance**

Consideration was given to the report of the Internal Audit and Risk Manager regarding a new Framework and Guidance Note entitled "Delivering Good Governance in Local Government" published by the CIPFA/SOLACE Joint Working Group. It was noted that the documents defined six core principles taken from the 'Good Governance Standard' developed by the 'Independent Commission on Good Governance in Public Services' with support from the 'Office of Public Management' (OPM) and CIPFA'. Members noted that the new Framework meant the Council was required to re-write its Local Code to bring it into line with the new Guidance. The revised Local Code was circulated for approval by Members.

RESOLVED: that the revised Local Code of Corporate Governance be approved subject to slight textual amendments to section 3.4 to include guidance on the standard of report writing for committees.

***21 Internal Audit Activity**

Consideration was given to the report of the Internal Audit and Risk Manager regarding the Internal Audit Activity Report which outlined the need, role and purpose of Internal Audit as an essential management tool of the Council. The report provided details of internal audit activity for the period 1st July 2007 to 30th September 2007 including the audit plan monitoring document, a summary of key findings, risks and recommendations and the Statement of Internal Control (SIC) action plan. It was noted that the Internal Audit team was under pressure due to a shortfall in resources. Members were concerned that this could lead to problems completing 'core audits' but were assured by the Internal Audit and Risk manager that this would not happen. The Chairman thanked the Internal Audit and Risk Manager for the hard work that she and her team had carried out to date.

RESOLVED:

- 1) that the audit plan monitoring document be approved
- 2) that Members continue to monitor and review the Statement of Internal Control (SIC) - Action Plan and the Key Audit Findings, Risks and Recommendations

***22 Corporate Governance Activity**

Consideration was given to the report of the Internal Audit and Risk Manager regarding the Corporate Governance Activity Report which outlined the requirement for corporate governance and the various methodologies designed to ensure the Council's compliance. Some Members expressed a wish to see

RESOLVED:

- 1) that the work undertaken in the Corporate Governance Work Plan be approved
- 2) that Members continue to monitor and review the Corporate Governance Assurance Statement - Action Plan

***23 Data Quality – BVPI Reviews by Internal Audit**

Consideration was given to the report of the Internal Audit and Risk Manager regarding the ‘Data Quality Briefing Note’ which outlined the work completed by the internal audit section on the programme of PIs for data quality checking. It was noted that from the 20 PIs selected for review, 15 were straightforward BVPIs and 5 were HIP indicators. The Council had completed a thorough review of all 20 data quality indicators.

The ‘Data Quality Briefing Note’ was divided into sections which contained the Council’s ‘findings’ and the ‘actions agreed with the responsible officer’. Most of the findings related to small errors in the calculation process together with some examples of where evidence to support the calculations were not robust enough. Work had been carried out on the processes for data collected on BVPI218A & B, however, the success of the work was unknown due to the ill health of the officer who was carrying out the work. Some concerns were expressed by the Internal Audit and Risk Manager in relation to BV218A & B in that it was unlikely that a correct figure could be produced in the near future due to lack of resources in Street Scene. Members noted that the Head of Service was taking steps to rectify this but until posts had been filled, progress was likely to be slow.

Members noted that the internal auditors had spent a significant amount of time discussing their findings and agreeing actions with responsible officers. It was noted that the auditors had also provided ongoing assistance throughout July and August to managers and responsible officers in order to ensure that their calculations, evidence and reported figures were correct.

- RESOLVED:**
- 1) that the BVPI Review report and work completed so far be noted.
 - 2) that the Internal Audit and Risk Manager produce an update report to be presented to a future meeting of the Committee on the problems detailed in the report regarding collection of Street Scene data.

Chairman Date.....