

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Audit and Governance Committee held at Knowle, Sidmouth on 28 June 2007

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

D G Atkins
C F A Gibbings
K C Potter

Also present: Councillors:
P Bowden
A T Moulding

K Marston – Audit Manager, Audit Commission

Apologies: Councillors:
R W Boote
D G Button

The meeting started at 5.00 pm and ended at 6.30 pm

***1 Welcome**

The Chairman welcomed all those present to the meeting, thanked them for attending and invited each person to briefly introduce themselves. The Chairman thanked all officers present for their reports.

***2 Minutes**

The minutes of the meeting of the Audit and Governance Committee held on 15 March 2007, were confirmed and signed as a true record.

***3 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.

***4 Report by the Chairman, Audit and Governance Committee 2006/07**

Consideration was given to the report of the 2006/07 Chairman of the Audit and Governance Committee, A J Wilkinson which highlighted significant changes which had occurred to the Committee during the previous year. These had enabled a more comprehensive review of audit and governance arrangements to be put in place.

RESOLVED that the report be noted and the examples of good practice introduced by the previous Chairman be followed .

***5 Audit Commission Report: Use of resources auditor judgements 2006**

The Chairman welcomed Kieron Marston from the Audit Commission. Consideration was given to the Audit Commission's report on the use of resources auditor judgements 2006. The summary of scores at theme and KLOE level were noted. There was a positive improvement on the movement of the scores. It was noted that the theme summaries in the report were mainly at level three and indications were given on how to achieve the higher level 4. Further reporting would take place in September/October 2007. However the levels had been tightened up and it would now be an achievement to maintain level 3. The aim was to maintain scores at level 3 for a second year before seeking to aspire to level 4.

An action plan was in place to deal with a number of financial management issues. It was suggested that the asset management process could be streamlined more and that the debt recovery process could be followed through as part of a constant effort to push up the figures.

It was confirmed that the figures in appendix 1 to the report "criteria which will gain 'must have' status for the next assessment" would be met.

RESOLVED that the report be noted.

***6 Audit Commission report: Formation of Leisure Trust follow up report**

The Committee considered a follow up review by the Audit Commission on the formation of the Leisure Trust. This report gave the detail behind the summary findings. It was noted that the main conclusion of the report was that the Council's transfer of services had been very commendable considering the short timescales involved. There were a few areas of concern which were noted and the Council were addressing the issues identified for developing arrangements in those areas. In general positive feedback had been received.

It was reported that there were two District Councillors on the Leisure East Devon Board, providing a reporting mechanism back to the Council. Officers and the Portfolio Holder also met quarterly with the Board, as well as receiving regular updates and monitoring. It was suggested that the two District Councillors on the Leisure East Devon Board be invited to a future meeting of the Audit and Governance Committee to answer any questions

RESOLVED that the report be noted and the two District Councillors on the Leisure East Devon Board be invited to attend a future meeting of the Audit and Governance Committee.

***7 Internal Audit activity**

Consideration was given to the report of the Internal Audit and Risk Manager regarding Internal Audit activity for the period 1 March 2007 to 30 June 2007, including audit plan monitoring to 30 June 2007 and key audit findings and recommendations. The activity report outlined the need, role and purpose of Internal Audit as an essential management tool of the Council.

The major change which had occurred was within the audit staffing. Following the resignation of an auditor in early May the Executive Board approved a new structure for the audit team in June. The new structure recognised the growth and development of the remaining two auditors and allowed an opportunity to re-evaluate their jobs under the job evaluation process. The vacancy created by the resignation had been widely advertised but there had been no viable responders. The Internal Audit and Risk Manager was conducting a salary survey with neighbouring authorities, however many of these were mid-job evaluation. It was noted that a temporary contractor had now been secured.

*7 **Internal Audit activity (cont'd)**

The audit plan monitoring also included the 2006/07 plan for completeness. It was noted that work on housing and council tax benefits had been delayed but it was hoped that this would be completed during the week.

Consideration was given to the internal audit plan for 2007/08 as well as to the quarterly audit plans for the year. It was reported that there were very limited resources available to cover anything outside of the work detailed in the internal audit plans. Consideration was also given to the internal audit key findings and recommendations for 2006/07 and it was noted that progress was going well with ten recommendations implemented during the last quarter and two recommendations had been partially implemented.

On behalf of the Committee the Chairman thanked the Internal Audit and Risk Manager for her report and requested that she keep the Committee updated on the results of the salary survey.

- RESOLVED:**
- 1) that the Corporate Governance activity for the period 1 March 2007 to 30 June 2007 be noted;
 - 2) that the work conducted so far be approved;
 - 3) that the accompanying appendices be noted.

8 **Corporate Governance activity**

Consideration was given to the report of the Internal Audit and Risk Manager regarding Corporate Governance activity for the period 1 March 2007 to 30 June 2007. The report outlined the requirement for corporate governance and the various methodologies designed to ensure the Council's compliance. The report also introduced the 2006/07 Statement of Internal Control and the Corporate Governance Assurance Statement, both of which were required to be signed by the Chief Executive and the Leader of the Council.

It was noted that in accordance with Key Lines of Enquiry data quality checking had been completed and reports would be produced in due course. The anti-fraud, theft and corruption policy, quick guide and whistle blowing policy had all been reviewed during the year as part of the audit services' ongoing review of key policies and the whistle blowing policy had been re-written. Significant internal controls had been identified with target dates for implementation to enable the Committee to monitor progress.

- RECOMMENDED**
- 1) that the Statement of Internal Control and the Corporate Governance Assurance Statement be approved;
 - 2) that the work undertaken so far in the Corporate Governance Work Plan be approved.

*9 **Programme of Performance Indicators for data quality checking by Internal Audit in 2007**

The Committee considered a report of the Policy Manager which reiterated the reasons why a programme for data quality checking was needed and updated Members on the review arrangements for the collection and reporting of Best Value Performance Indicators (BVPIs) by Heads of Service. Those present noted the 20 performance indicators (PIs) that would be checked by Internal Audit in 2007. The purpose of the data quality checking was to improve the quality of the Council's data, which was an ongoing process. Internal Audit commenced the data quality checking at the end of April 2007 and it was expected to be completed by 29 June. A report on the findings of the data quality checking would be presented to the Committee at its next meeting on 27 September. Although Heads of Service were very aware of data quality and BVPIs there was a need to maintain this awareness through the whole staffing process as PIs and data quality were vital to the Council.

Kieron Marston from the Audit Commission reported that the Council appeared to be taking the Audit Commission's comments seriously.

RESOLVED that the programme of PIs for data quality checking be endorsed.

*10 **Statement of Accounts 2006/07 report**

Consideration was given to the report of the Head of Finance regarding the Statement of Accounts 2006/07. The Audit and Governance Committee were required to approve the Council's Statement of Accounts prior to 30 June 2007, in order for them to be audited and published by 30 September.

It was noted that the 2005/06 accounts presented to the Committee on 29 June 2006 were subjected to audit. The District Auditor gave a clear opinion on the accounts on 26 September 2006 with no amendments required.

The Revenue and Capital Outturn report was presented to the Executive Board on 6 June and to the Scrutiny Committee on 13 June 2007 and detailed for Members the position on the Council's finances compared with the budgets set. The information given in those reports was based on Portfolio performance which was in line with how budgets were set and monitored through the Executive Board. The outturn figures presented in that report, subject to minor amendments (noted by those present) appeared in the Statement of Accounts, only in a different format.

The Accounts and Audit Regulations 2003 stated that accounts must be prepared in accordance with proper accounting practice. Two specific documents were produced annually which the Council followed to ensure it complied with the regulations. These documents were the Local Authority Statement of Recommended Practice (SORP) which represented proper accounting practice, and the Best Value Accounting Code of Practice (BVACOP) which defined how to prepare financial performance information. There were significant changes in the 2006/07 accounts compared with the previous year as a result of amendments to the 2006/07 SORP. It was noted that a summary of accounts would also be produced to draw out the main points and figures of the Statement of Accounts and that this would sit alongside it.

Following detailed examination and scrutiny by the Committee, the unaudited Statement of Accounts for 2006/07 was signed by the Chairman.

RESOLVED that the Statement of Accounts for the financial year ending 31 March 2007 be approved.

*11 **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).

*12 **Complaint statistics**

Consideration was given to the report of the Policy Manager on complaints received in 2006/07, as well as cases offered for organizational learning. It was noted that there had been an overall reduction in the number of complaints received and the number of reports made to the Ombudsman.

RESOLVED that the decrease in overall complaints received and action taken on one complaint be noted.

Chairman Date.....