

**EAST DEVON DISTRICT COUNCIL**  
**Minutes of a Meeting of the**  
**Audit and Corporate Governance Committee**  
**held at the Council Chamber, Knowle, Sidmouth,**  
**on Tuesday 29 September 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  
  
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  
Mark Williams, Chief Executive

**Apologies:** Councillors:  
Derek Button

The meeting started at 4.30 pm and ended at 6.37 pm

**\*8 Public Questions**

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

**\*9 Minutes**

The minutes of the meeting of the Audit and Governance Committee held on 25 June 2009 were confirmed and signed as a true record.

**\*10 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.

**\*11 Audit of Accounts 2008/09 – Annual Report by external Auditors**

Members considered the report of Grant Thornton, the Council's external auditors, which summarised the principal matters arising from their audit of the 2008/09 Statement of Accounts, the Annual Governance Statement and the Use of Resources report.

It was noted that the issues raised had been discussed with the Head of Finance and other appropriate staff and any adjustments or changes suggested had been accepted and adopted by Officers. It was noted that the auditors had commended the Council for its overall improvement in the accounts preparation process. The Council had made good progress in improving the accuracy of its accounts and the auditors had been impressed with the way the Finance team had effectively managed the adjustments and changes recommended.

**\*11 Audit of Accounts 2008/09 (cont'd)**

It was noted that with regard to Pensions FRS 17 liability, there had been an underestimation of £14.7 million for Devon. The Council's share of that difference had been calculated as £358,000, a figure greater than that recorded in the published accounts using the actuarial calculation of the percentage share of the assets. Members were satisfied with the figures in the published accounts and agreed to not to revise it to the latest figure.

It was noted that although the Council had scored mostly 2's (performing adequately) with regard to the Use of Resources report, this was largely due to new assessment criteria being more demanding from 2008. Members commented that they hoped subsequent reports would show an improvement in scoring achieved.

The Chairman thanked the Finance Team for their work in producing the Statement of Accounts through what was a challenging period.

- RESOLVED:**
- 1) that the report be noted.
  - 2) that the actuarial calculation method of the percentage share of assets when calculating FRS liability be continued.

**\*12 Leisure East Devon update**

Members considered the report made by Councillor David Cox, the Council's nominated representative on the Leisure East Devon Board and David Pagett, Chief Executive of Leisure East Devon (LED). At the meeting held on 25 June 2009 Members had requested that Leisure East Devon representatives clarify why the LED General Fund level was at £600,000 when the Council was continuing to support the service financially.

It was noted that the Charity Commission had advised that the level of the General Fund would be appropriate at £1.2 million which was 3 months cover. Members noted that since the transition from a Council service to that of an 'arms length' business, LED had performed well but was now competing against private companies. Costs were increasing and the closure of Rolle Colledge in Exmouth had significantly impacted on profitability. Although money was being made by the organisation, funds were not high enough to warrant the considerable investment on capital expenditure required. Buildings operated by LED in many cases needed enlarging although the service provided by the Council's Property Services team was excellent.

Members commented that with Local Government finances being continually under pressure they were ultimately looking to reduce the level of fees and costs to the Council and hoped this could be achieved as a result of the increasing profitability of LED.

- RESOLVED:** that the report be noted.

(Councillor Peter Bowden declared a Personal interest as he was a Board member of Leisure East Devon, and remained in the Chamber to speak).

**\*13 Internal Audit Activity Report for 1 July – 30 September 2009**

The Committee considered the report of the Internal Audit and Governance Manager relating to Internal Audit activity for the first quarter and second quarter and indicated where audits were progressing well and identified those that had slipped against the internal audit plan. Members noted the progress made and the audits that remained outstanding and The Internal Audit & Governance manager emphasized that all of the outstanding audits had been commenced during the 1<sup>st</sup> and 2<sup>nd</sup> quarters and that she expected them to be concluded before the next Audit & Governance Committee meeting.

\*13 **Internal Audit Activity Report for 1 July – 30 September 2009**

The report also gave brief details on the staffing situation within the Council's Audit and Governance section and gave an overview of the use of temporary contractors.

**RESOLVED:** that the following reports be noted and kept under review:

- Audit Plan Monitoring Document
- Audit Performance Indicators
- Internal Audit Report Executive Summaries

\*14 **Corporate Governance Activity Report for 1 July - 30 September 2009**

Members of the Committee considered the report of the Internal Audit and Governance Manager regarding the Corporate Governance Activity for the period 1 July to 30 September 2009, 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.

- RESOLVED:**
- 1) that the Updated Corporate Risk Management Policy & Strategy be approved
  - 2) that the progress made so far on the Corporate Governance Work Plan for 2008/09 be noted
  - 3) that progress on the following reports be noted and kept under review:
    - Corporate Risk Management
    - Annual Governance Statement - Action Plan

\*15 **Officer and Member Expenses Report**

Members of the Committee considered the report of the Internal Audit and Governance Manager which set out the Council's policies relating to Officer and Member expenses.

The Audit and Governance Committee requested the report at its meeting on the 25 June 2009. That meeting requested that a review of Councillor and Officer expenses be undertaken as a high priority to make sure that the policy was appropriate, and that adequate checks were in place. In testing the adequacy of the procedures relating to Members' expenses a random sample of claims was examined.

Members agreed that future checking should be reasonable and commensurate with the level of risk involved. This may involve referring back for clarification with Members. Any claims, which raised concerns, would be referred to the Monitoring Officer.

- RESOLVED:**
- 1) that the report be noted.
  - 2) that Democratic Services continue to be responsible for undertaking reasonable checks and authorising Members' expense claims.
  - 3) that the Member Induction programme include how and what to claim through Member Expenses.

**\*16 Performance Indicators for Data Quality Checking**

Members of the Committee considered the report of the Internal Audit and Governance Manager regarding a programme of Performance Indicators (PIs) relating to the 2008/09 year which had been drawn up for data quality checking by Internal Audit during April to June 2009. The objective was to ensure that Performance Indicators were correct and that their supporting documentation was adequate to satisfy the requirements of the Council's external review agencies.

Members noted that Internal Audit found that most PIs were either incorrect or needed remedial action. It was noted however, that the recommendations made to Heads of Service were accepted and would be implemented to ensure PI reporting was accurate and adequately documented in future years.

The Portfolio Holder, Resources commented that he was disappointed that the Council appeared to have fallen behind with regard to data quality. He stressed that the data required was essential in the running of the Council and that the Council must improve in future.

**RESOLVED:** that the Committee supports the recommendations to improve the quality of council data as outlined in the report.

**\*17 Re-presentation of the 2008-09 Annual Statement of Accounts and Annual Governance Statement and Associated Action Plan**

Following the report earlier in the meeting by the Council's external auditors, Grant Thornton, Members of the Committee formally approved the Annual Statement of Accounts 2008-09, the Annual Governance Statement and Letter of Representation.

- RESOLVED:**
- 1) that the Annual Statement of Accounts 2008-09 be approved and signed by the Chairman.
  - 2) that the Annual Governance Statement 2008-09 be approved and signed by the Chairman.
  - 3) that the Letter of Representation be approved and signed by the Chairman.

**\*18 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).

**\*19 Computer Audit and Internal Audit Tender**

Members of the Committee considered the report of Internal Audit and Governance Manager regarding the award criteria and methodology for a future Computer Audit Tender and an Internal Audit Tender.

- RESOLVED:**
- 1) that the award criteria and methodology for a future Computer Audit Tender be approved.
  - 2) that the award criteria and methodology for a future Internal Audit Tender be approved.

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