

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 31 JANUARY 2019**

Members in attendance * Denotes attendance ∅ Denotes apology for absence			
*	Cllr I Bramble	*	Cllr J A Pearce (Chairman)
∅	Cllr J Brazil	*	Cllr J T Pennington (Vice-Chairman)
*	Cllr T R Holway		

Members also in attendance:	
Cllrs N A Hopwood and S A E Wright	

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Section 151 Officer; Head of Practice - Finance; Internal Audit Manager; Head of Practice: IT; Senior Specialist – Democratic Services; Specialist – Democratic Services; and Grant Thornton representatives

A.34/18 MINUTES

The minutes of the meeting of the Committee held on 11 October 2018 were confirmed as a correct record and signed by the Chairman.

A.35/18 URGENT BUSINESS

The Chairman advised that she had no urgent items to be raised at this meeting.

A.36/18 DECLARATIONS OF INTEREST

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting, but none were made.

A.37/18 HOUSING BENEFIT GRANT CLAIM

The Committee considered the 2017/18 annual report from KPMG that outlined the work undertaken by the organisation on the certification of Housing Benefit Subsidy claims and returns.

In discussion, the Committee was informed that it was a particularly rare achievement for any local authority to obtain an 'unqualified without amendment' certification and Members asked that their thanks to the Benefits Team be formally recorded.

A.38/18 GRANT THORNTON – EXTERNAL AUDIT PLAN

The Committee considered the Grant Thornton External Audit Plan that provided an overview of the planned scope and timing of the statutory audit of the Council.

In discussion, it was confirmed that the planning materiality level that was determined by Grant Thornton was both benchmarked and reviewed on an ongoing basis.

RESOLVED

That the contents of the External Audit Plan be noted.

A.39/18 GRANT THORNTON – AUDIT PROGRESS REPORT AND SECTOR UPDATE

Members were presented with a paper that provided the Committee with a report on progress from Grant Thornton in delivering their External Auditor responsibilities.

In particular, the paper included:

- a summary of emerging national issues and developments that could be relevant to the Council; and
- a number of challenge questions in respect of these emerging issues that the Committee may wish to consider.

During discussion, reference was made to:-

- (a) the potential to co-opt Members on to the Committee. The ability for a Council to co-opt a Member (or Members) on to its Audit Committee was noted. Members felt that it was appropriate for this to be explored further and it was agreed that this should be considered further by the Political Structures Working Group;
- (b) the impact of Brexit. The Section 151 Officer advised that the Senior Leadership Team regularly considered the potential impact of Brexit on the Council. Whilst the emerging picture was being watched particularly closely, it was noted that, wherever possible, the local authorities in Devon were adopting a co-ordinated countywide approach to Brexit that was being led by Devon County Council. Furthermore, the potential impact on the Council's investments was recognised and the Committee felt it to be very unfortunate that the next Triennial Pension Revaluation was on 31 March 2019 (i.e. two days after the anticipated Brexit date).

It was then:

RESOLVED

1. That the Grant Thornton Audit Progress Report and Sector Update be noted; and
2. That the Political Structures Working Group be tasked with considering the merits of appointing a Co-Opted Member (or Members) on to the Audit Committee.

A.40/18

PENSIONS STRATEGY (TRIENNIAL ACTUARIAL REVALUATION)

A paper was considered that sought to instruct officers to engage in early dialogue with the Devon Pension Fund and the actuaries (Barnett Waddingham), ahead of the next Triennial Pension Revaluation in 2019.

In discussion, reference was made to:-

- (a) the significance of the issue. The view was expressed that this matter would be one of the most significant issues for the Council to consider over the next twelve months. As a consequence, it was felt that newly elected Members should be briefed soon after the May 2019 local elections;
- (b) the Council having a degree of influence. The Committee was informed that Devon County Council was receptive to the Devon District Councils being able to input into some of the assumptions that underpinned the Pensions Strategy;

Since the Committee sought clarification on the Exempt Appendix A (Specialist Pensions Advice), it was **PROPOSED** and **SECONDED** and on being put to the vote was declared **CARRIED**:-

RESOLVED

That, in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following items of business as the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act is involved.

A brief discussion on the Current Funding Agreement section of the exempt Appendix ensued. The Section 151 Officer gave an assurance that she would contact KPMG to provide further information on specific elements of this section before then forwarding the response to the Committee outside of this meeting.

It was then **PROPOSED** and **SECONDED** and on being put to the vote was declared **CARRIED**:-

RESOLVED

That the public and press be re-admitted to the meeting.

It was then:

RESOLVED

1. That the content of the report be noted; and
2. That officers be instructed to engage in early dialogue with the Devon Pension Fund and the actuaries (Barnett Waddingham), ahead of the next Triennial Pension Revaluation in 2019, to further assess the Council's options.

A.41/18 UPDATE ON PROGRESS ON THE 2018/19 INTERNAL AUDIT PLAN

Consideration was given to a report that sought to inform Members of the principal activities and findings of the Council's Internal Audit team for 2018/19 to 31 December 2018 by:

- showing the progress made by Internal Audit against the 2018/19 approved annual Internal Audit Plan; and
- highlighting any revisions to the 2018/19 Internal Audit Plan.

In discussion, reference was made to:-

- (a) the 'Housing – Homelessness' and 'Depots and Stores Follow-up' Audit findings. Members raised some concerns over the conclusions of these recent audits and it was felt that some of the management responses were disappointing.

Specifically with regard to the 'Depots and Stores Follow-up' Audit, Members expressed their concerns over the separate financial systems and the difficulty in reconciling fuel costs and usage. As a result of these concerns, the Committee requested that a further follow-up Audit of Depot and Stores be included in the 2019/20 Internal Audit Plan;

- (b) the work undertaken by the Internal Audit Team. The Committee paid tribute to the excellent work undertaken by the Internal Audit service. In the future, Members also asked that the reporting template for Internal Audit findings be standardised, with it being made easier to cross reference the Audit Findings with the related Management Responses.

It was then:

RESOLVED

1. That the progress made against the 2018/19 internal audit plan (and any key issues arising) be approved; and
2. That a further follow-up Audit of Depots and Stores be included in the 2019/20 Internal Audit Plan.

A.42/18 **TREASURY MANAGEMENT MID-YEAR REPORT**

Members were presented with a report that outlined the mid-year Treasury Management position for the Council.

In discussion, the Committee welcomed the investment return from the CCLA Fund and urged officers to continue to be ambitious in their Treasury Management activities.

It was then:

RESOLVED

That the contents of the report be endorsed.

A.43/18 **REVIEW OF THE COUNCIL'S CONSTITUTION: RULES OF PROCEDURE AND SCHEME OF MEMBERS' ALLOWANCES**

The Committee considered a report that outlined proposed amendments to Part 4: 'Rules of Procedure' and Part 6: 'Scheme of Members Allowances' of the Council Constitution.

During discussion, the following points were raised:-

- (a) Officers assured the Committee that, once approved by the Council, the format of the Constitution would be revised and would include links to result in the document being more reader friendly;
- (b) With regard to voting at Development Management Committee meetings, Members highlighted the following rule:

2.5 *Voting*

In view of the quasi – judicial nature of much of the business of the Committee there is a general obligation for Councillors to remain for the whole of the debate or to have participated in any previous consideration on any particular application and certainly to refrain from voting if either of these essential requirements have not been achieved.

Since this rule had been adopted before the new Committee Site Inspection process (i.e. whereby inspections were usually carried out before a planning application was determined) had been adopted and the case officer agenda reports and presentations were so extensive, the Committee felt that it was timely for this Rule to be reviewed. It was therefore **PROPOSED** and **SECONDED** and on being put to the vote declared **CARRIED** that:-

‘The Development Management Committee be asked to review Procedure Rule 2.5: Voting.’

- (c) Audit Committee related training. Such was the importance of training for Audit Committee Members, that it was **PROPOSED** and **SECONDED** and when put to the vote declared **CARRIED** that:

‘All Members of the Audit Committee will be expected to attend relevant training sessions as and when they are provided.’

It was then:

RESOLVED

That the Committee **RECOMMEND** to Council that the amendments to Part 4 (Rules of Procedure) and Part 6 (Scheme of Members’ Allowances) of the Council Constitution (as summarised in paragraph 2.5 of the presented agenda report and fully outlined at Appendix A) be approved and formally adopted subject to:-

1. The Development Management Committee be asked to review Procedure Rule 2.5: Voting; and
2. An additional Rule being included whereby all Members of the Audit Committee will be expected to attend relevant training sessions as and when they are provided.

A.44/18 AUDIT COMMITTEE WORK PROGRAMME 2018/19

Members were presented with the latest version of the Committee Work Programme and noted its contents without any comment.

A.45/18 EXCLUSION OF PUBLIC AND PRESS

RESOLVED

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following items of business as the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act is involved.

A.46/18 **ICT CLOUD STRATEGY**

The Committee considered an exempt report that provided an update on the Council's ICT Cloud Strategy.

It was then:

RESOLVED

That the update report be noted.

A.47/18 **ICT PROCUREMENT – VERBAL UPDATE**

The Committee considered an exempt verbal update on the ICT Procurement project.

Upon the conclusion of the update, the Committee supported the direction of travel being pursued and requested a further update at its next meeting on 21 March 2019.

It was then:

RESOLVED

That the update report be noted and a further report be presented to the next Committee meeting on 21 March 2019.

(Meeting commenced at 10.00 am and finished at 11.25 pm)

Chairman