

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 21 MARCH 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; Group Manager – Customer First and Support Services; Group Manager – Business Development; Case Management Manager, Internal Audit Manager; Senior Specialist – Democratic Services; Specialist – Democratic Services; Specialist Accountants; Devon Audit Partnership Manager; and Grant Thornton representative

A.48/18 MINUTES

The minutes of the meeting of the Committee held on 31 January 2019 were confirmed as a correct record and signed by the Chairman.

A.49/18 URGENT BUSINESS

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

A.50/18 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.51/18 GRANT THORNTON – AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Committee considered a paper that reported on progress that had been made by Grant Thornton in delivering on their responsibilities as the Council's External Auditors.

In the ensuing discussion, the following points were raised:-

- (a) The Grant Thornton representative confirmed that work remained on track and an update on the External Audit Plan would be presented to the Audit Committee meeting on 18 July 2019;
- (b) It was noted that the weblinks that were contained within the paper did not work. As a result, it was agreed that these would be looked at before future agenda reports were published.

A.52/18

DRAFT BUDGET BOOK 2019/20

Members considered a report that presented the Committee with the draft Budget Book for 2019/20.

In discussion, reference was made to:-

- (a) the proposal to 'note' the report. Some Members expressed their dislike at reports being presented for just noting purposes and an alternative motion was **PROPOSED** and **SECONDED** whereby the contents of the draft Budget Book for 2019/20 should be 'supported';
- (b) the presentation of the Budget Book. Whilst acknowledging that the current format of the Budget Book had been produced in consultation with Members, the Committee felt that it would be appropriate for it to be reviewed again by the new Council following the upcoming local elections. To support this view, officers reminded the Committee that the Chief Executive had been tasked with reviewing the Council's senior management structure and this would inevitably have an impact on the Budget Book. However, this was also likely to make direct Budget comparisons with previous financial years difficult;
- (c) an additional Member Briefing. In response to some specific detailed questions relating to the Budget Book and the Budget of West Devon Borough Council, it was **PROPOSED** and **SECONDED** that an additional all Member Briefing be convened to take place at 2.00pm on Thursday, 28 March 2019 to:
 1. enable Members the opportunity for a detailed analysis of the Draft Budget Book for 2019/20; and
 2. provide Members with an overview of the West Devon Borough Council Budget position.

When put to the vote, this additional proposal was declared **CARRIED** and, in advance of this session, the Committee also requested that all Members be sent copies of:

- the draft 2019 Budget Book;
- the West Devon Borough Council Budget Book for the 2018/19 and 2019/20 Financial Years; and

- a copy of the published report and appendix entitled: 'Commercial Investment Property – Update and Monitoring Report', that was due to be considered at the West Devon Borough Council meeting on Tuesday, 26 March 2019;

(d) Case Management. In light of some confusion still existing amongst the membership over the Case Management function, the Committee welcomed the fact that this would be addressed as part of the Member Induction Programme in May 2019.

It was then:

RESOLVED

1. That the contents of the draft Budget Book for 2019/20 be supported; and
2. That an additional all Member Briefing be convened to take place at 2.00pm on Thursday, 28 March 2019 to:
 - a. enable Members the opportunity for a detailed analysis of the Draft Budget Book for 2019/20; and
 - b. provide Members with an overview of the West Devon Borough Council Budget position.

A.53/18

DEVON AUDIT PARTNERSHIP – NON-VOTING PARTNER

Members were presented with a report that informed them of the opportunity to join the Devon Audit Partnership (DAP) from the new Financial Year as a 'non-voting' partner.

During discussion, reference was made to:-

- (a) being a 'non-voting' partner. By definition, it was confirmed that the Council could only be a 'non-voting' partner by virtue of retaining its own in-house Internal Audit Team. In response, the Committee asked that the merits of being a full voting partner be reviewed again during early 2020 and an additional recommendation to that effect was **PROPOSED** and **SECONDED** and on being put to the vote was declared **CARRIED**;
- (b) the training arranged by the Partnership. Members expressed their support for the joint South West Audit Partnership and DAP sponsored annual training event and felt that it was a very useful session that all Audit Committee Members should be encouraged to attend.

It was then:

RECOMMENDED

That Council be **RECOMMENDED** to:

1. join the Devon Audit Partnership as a 'non-voting' partner from 1 April 2019 (or as soon as is reasonably practicable thereafter);
2. delegate the details of the Service Level Agreement (including Terms of Reference) to the Monitoring Officer and the Section 151 Officer, in consultation with the lead Executive Member for Finance and the Chairman of the Audit Committee; and
3. note that the Committee has asked to review the merits of becoming a full Voting Partner (including the associated costs) during early 2020.

A.54/18 UPDATE ON PROGRESS ON THE 2018/19 INTERNAL AUDIT PLAN

The Committee was presented with a report that informed Members of the principal activities and findings of the Council's Internal Audit Team for 2018/19 (to 28 February 2019) by:

- showing the progress made by Internal Audit against the 2018/19 annual Internal Audit Plan (as approved by the Committee at its meeting on 22 March 2018 (Minute A.44/17 refers)); and
- highlighting any revisions to the 2018/19 Internal Audit Plan.

In discussion, the following points were made:-

- (a) Members welcomed the presentational changes that had been made to the published Progress Reports;
- (b) The Committee was assured that a record was kept of all of the LAG and LEAF grants that had been awarded. In reply, the Committee asked that a copy of this record be circulated to Members;
- (c) Members expressed some concerns that, in many instances, the management response to an audit finding was linked to a lack of resources. In accepting the point, the Committee also welcomed the suggestion that a recommendation tracker be developed whereby progress on Audit Findings could be monitored more closely;

- (d) The Chairman cited some instances where she felt that there had been a lack of clarity (and duplication) within the Case Management function. As a consequence, the Chairman was of the view that the function was not always working as effectively and efficiently as it could be. In line with the drive to be a continuously improving organisation, officers advised that the Senior Leadership Team was receiving regular updates from the Case Management Managers. Nonetheless, it was still important that Members made senior officers aware of any apparent examples of inefficient working;
- (e) With regard to the Comments and Complaints Audit, the Committee emphasised the importance of 'lessons learned' from complaints being formally recorded. Furthermore, the Committee felt that this information was likely to be of interest to Members and they should therefore be able to have access to such records.

It was then:

RESOLVED

That the progress made against the 2018/19 Internal Audit Plan (and any key issues arising) be approved.

A.55/18 2019/20 INTERNAL AUDIT PLAN

A report was presented to the Committee that provided Members with the opportunity to review and comment upon the proposed Internal Audit Plan for 2019/20.

In discussion, reference was made to:-

- (a) the Plymouth City Council request to review the Governance Arrangements for the Joint Local Plan in their 2019/20 Audit Plan. In support of the request, Members were of the view that this would be a very useful exercise;
- (b) Treasury Management. The Internal Audit Manager informed that the Treasury Management audit had been defined as being 'low' risk due to this subject being audited every year and, over recent years, it always being found to be of a very good standard;
- (c) the ability to amend the Plan during 2019/20. Officers advised that, to reflect any unforeseen risks and challenges that may arise during the course of 2019/20, the Plan was not set in stone and could be amended accordingly.

It was then:

RESOLVED

1. That the report be approved; and
2. That the proposed Internal Audit Plan for 2019/20 (as outlined at Appendix A of the presented agenda report) be approved.

A.56/18 SHARED SERVICES METHODOLOGY 2018/19

The Committee considered the annual report that set out the methodology and mechanisms that were being used to calculate and apportion the cost allocations between the Council and West Devon Borough Council for 2018/19.

During discussion, the following points were raised:-

- (a) Due to the early closedown of the accounts, officers advised that the report was based upon ten months of data;
- (b) It was noted that officers attempted to strike the balance between the recharges being accurate (to evidence that there was no cross-subsidisation between the two councils) whilst ensuring that the exercise did not become a resource intensive industry in itself. The Committee acknowledged this point and felt that the methodology that was applied did strike that balance;
- (c) Officers advised that the trend continued whereby the volume of telephone calls into the Contact Centre was still reducing. Nonetheless, Members still felt that there was scope to reduce this trend further and this view was accepted by officers.

It was then:

RESOLVED

That the methodology of the Shared Services apportionment of costs between South Hams District Council and West Devon Borough Council (as attached at Appendix A of the presented agenda report) be noted.

A.57/18 SUNDRY DEBT

A report was considered that outlined the latest position in both collection and procedure in relation to Sundry Debt and Housing Benefit Overpayments. In addition, the report also provided data that demonstrated the recent progress that had been made.

During discussion, reference was made to:-

- (a) the progress that had been made. In welcoming the progress made, the Committee wished to record its thanks to the lead officers who had implemented the improvements;
- (b) the impact of Universal Credits. When questioned, officers stated that there had not been a noticeable impact from the roll-out of Universal Credits on Housing Benefit Overpayments;
- (c) the uncollected target of £700,000. It was agreed that the £700,000 target should now be lowered to reflect the performance improvements that had been made;
- (d) debts that had been written-off. In the future, the Committee requested that the next six-monthly Sundry Debt performance report should also include reference to the amount of debt that had been written-off;
- (e) Penalty Charge Notices (PCNs). Having been informed that the Traffic Enforcement Centre had taken on responsibility for PCNs in the South Hams, the request was made for officers to find out the cost of using this service before then letting Members know outside of this meeting.

It was then:

RESOLVED

That the Committee note the latest position in relation to Sundry Debt.

A.58/18

STRATEGIC RISK ASSESSMENT – REGULAR UPDATE

The Committee considered a report that presented an updated assessment of the Council's strategic risks.

In discussion, particular reference was made to:-

- (a) the lack of emphasis to political implications in the Risk Register scoring matrix. In citing recent decisions, the Committee was of the view that, in certain areas of the Council, officers frequently under-estimated the risks associated with the political decision-making process. As a result, Members felt that greater emphasis should be given to political implications in the Risk Register scoring matrix. In response, officers acknowledged the point (that had also been raised during the recent Peer Review) and measures were to be put in place that included more regular informal Member Briefing sessions right from the offset of a project proposal;

- (b) risk 4: 'Delivery of local plan (inc. 5 Year Land Supply)'. The Chairman expressed her personal disappointment that the score associated with risk 4 had not been updated to reflect the fact that the Council had, since December 2018, an identified 5 Year Land Supply. In expanding upon the point, the Chairman asked that the entire Register be sense checked to ensure that it was up to date and accurate;
- (c) Risk 8: 'WD Financial Position affecting SH arrangements'. Whilst acknowledging that this would be considered in more detail at the Member Briefing on Thursday, 28 March 2019 (Minute A.52/18 above refers), the Section 151 Officer informed that the financial position of West Devon Borough Council had been improved via measures that included: their Commercial Property Investments, the award of the Business Rates Pilot monies and the Rural Services Delivery Grant; and the decision to charge for a Garden Waste Collection service. Nonetheless, the uncertainties associated with the Central Government Business Rates Review remained a cause of concern for both Councils and officers and Members continued to lobby for fairer funding in the future;
- (d) the establishment of the Opportunities Register (Appendix 1b of the presented agenda report refers). The Committee welcomed the production of the Opportunities Register and, subject to inclusion of some minor changes (that included the creation of a progress column), endorsed both the content and the concept.

It was then:

RESOLVED

That the Committee has reviewed the strategic risks and has made comments (as detailed in the minutes above).

(Meeting commenced at 10.00 am and finished at 12.30 pm)

Chairman