

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 23 MARCH 2017**

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

Members also in attendance:	
Cllrs D Brown, M J Hicks, T R Holway, R J Tucker and S A E Wright	

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Executive Director (Service Delivery and Commercial Development); Section 151 Officer; Monitoring Officer; Devon Internal Audit Partnership Manager; KPMG Engagement Lead and Senior Specialist – Democratic Services

A.29/16 MINUTES

The minutes of the meeting held on 12 January 2017 were confirmed as a correct record and signed by the Chairman.

A.30/16 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.31/16 KPMG ANNUAL GRANT CERTIFICATION LETTER

A paper was considered by the Committee that advised of the requirement for external auditors to prepare an annual report on the claims and returns certified for each audited body. It was noted that the Certification Letter was the KPMG annual report for the certification work that had been undertaken for 2015/16.

With no issues subsequently being raised by Members, it was then:

RESOLVED

That the contents of the Annual Grant Certification Letter be noted.

A.32/16 KPMG REPORT EXTERNAL AUDIT PLAN 2016/17

The Committee considered a report from KPMG that presented its External Audit Plan for the Council for 2016/17.

In discussion, reference was made to:-

- (a) the identified risk relating to Business Rates Appeals. Some Members felt that the comment in the Plan that: '*the Council receives 40% of non-domestic rates income and costs*' gave the wrong impression to the public when, in reality, the Council only received 6p of every £1 received;
- (b) the allocation of shared costs between the Council and West Devon Borough Council. The Section 151 Officer confirmed that the Committee would receive a further report on this matter at its June 2017 meeting. Furthermore, it was also confirmed that this report would include reference to the methodology that was used to calculate the cost allocations between the two authorities;
- (c) the Council approach to pursuing its debtors. In response to some Member concerns regarding the timescales for chasing some debts, officers informed that the Senior Leadership Team was reviewing the Council's current approach to pursuing debtors. Following this review, officers gave a commitment to report back to the Committee at its September 2017 meeting to outline the safeguards that had been put in place;

It was then:

RESOLVED

That the External Audit Plan be noted.

A.33/16 2017/18 INTERNAL AUDIT PLAN

Members gave consideration to a report that provided them with the opportunity to review and comment upon the proposed internal audit plan for 2017/18.

In discussion, the following points were raised:-

- (a) Whilst there was still some areas that related solely to the Council (e.g. Salcombe Harbour), it was noted that the Audit Plan was now a joint document between the Council and West Devon Borough Council;

- (b) A Member sought greater clarity on the time allocated for the 'LACC Lessons Learned Officers Group'. In response, officers advised that this related to a request from senior officers for Internal Audit colleagues to be in attendance at meetings to reflect on the LACC project and to bring an objective support and challenge perspective to these discussions.

A Member stated her regret at the amount of time and resource that had been committed to the project and was of the view that this had consequently led to a detrimental impact on service delivery. However, other Members felt that it was right for the project to have been given detailed consideration as a potential option to address future budgetary constraints.

A Member expressed his support for investigations to take place into the potential purchase of time recording technology to enable for project costings to be more accurate. In contrast, other Members believed that the current approach was proportionate and considered that such technology would be overly bureaucratic.

It was then:

RESOLVED

That the report be noted and the proposed Internal Audit Plan for 2017/18 (as outlined at Appendix A of the presented agenda report) be approved.

A.34/16

REVIEW OF THE COUNCIL'S CONSTITUTION

The Committee considered a report that presented the annual review of the Council Constitution.

In his introduction, the lead Executive Member for Support Services wished to put on record his gratitude for the amount of work and effort that the Chairman of the Overview and Scrutiny Panel had put in during this review. Furthermore, the Monitoring Officer also wished to thank the Council's Corporate Procurement Officer for the work that she had undertaken to review the Council's Contract Procedure Rules.

In the subsequent discussion, reference was made to:-

- (a) the European Union (EU). A Member emphasised a number of his detailed concerns over the degree of reference to the EU in the Council's draft Contract Procedure Rules. In particular, it was agreed that the Member would be provided with more information relating to State Aid outside of the meeting;

- (b) the proposed increase in the delegated authority limit of asset disposals. In accepting the reason for the proposed increase from £50,000 to £300,000, the Committee felt that the Leader should also be included in the list of consultees. Therefore, an addition was **PROPOSED** and **SECONDED** and on being put to the vote declared **CARRIED** that:

'The COP Lead for Assets be given delegated authority, in consultation with the Section 151 Officer, the lead Executive Member for Assets and the Leader of Council to dispose and/or acquire assets up to a limit of £300,000, with any acquisitions and/or disposals above this limit being referred to the Executive for decision.'

- (c) the Members' Planning Code of Practice. The Monitoring Officer confirmed that it was her intention for the Code of Practice to be reviewed in the upcoming months;
- (d) the South West Design Panel. Having been informed of the establishment of the South West Design Panel, some Members requested more detailed information regarding how it operated;
- (e) access to information relating to the LACC Joint Steering Group (JSG). In response to Member criticism that the wider membership were unable to see the JSG agenda papers, it was agreed that this issue would be given further consideration at the next JSG meeting on 28 March 2017;
- (f) the importance of all newly elected Members being sent a link to the Council Constitution;
- (g) officer delegations. A Member queried what control measures were in place to ensure that officers who had utilised their delegated powers were informing the Executive of their decisions. In reply, the Committee was advised that the Council had an informal Executive Briefing forum at which such matters were reported.

Furthermore, in respect of reporting exemptions, it was noted that these were included in the Council's Annual Governance Statement that was formally considered by the Executive. As a further assurance, the lead Executive Member for Support Services confirmed that, on occasion, he did challenge and seek greater clarity on the legitimacy of some of the exemptions that were reported to him;

It was then:

RESOLVED

1. That authority be delegated to the Monitoring Officer to make any further amendments to the Contract Procedure Rules as a result of consultation with the Corporate Procurement Officer; and

2. That Council be **RECOMMENDED** that the amendments to the Council Constitution (as summarised in paragraph 2 of the presented agenda report and fully outlined on the Council website) be approved, subject to inclusion of the addition at point (b) (as above) in the detailed minutes.

A.35/16 **STRATEGIC RISK ASSESSMENT – REGULAR UPDATE**

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

In discussion, reference was made to:-

- (a) those risks with a score of 12. Whilst the report requested that the attention of the Committee should be on those risks with a score above 12, Members felt that this should be revised, with their attention being on those risks with a score of 12 and over;
- (b) some of the current risk scores. In recognising their subjectivity, a Member took issue with some of the current risk scores. For example, the Member felt that risk number 6 ('Encouraging Communities to Thrive') was scored too highly whereas risk numbers 11 ('Financial Sustainability') and 12 ('Provision of Quality Services') were scored too lowly. Following a detailed discussion, it was agreed that a meeting be set up between the Group Manager – Business Development; the lead Executive Member for Business Development and the interested Member to review the current scores attributed to each identified risk;
- (c) the Council's procurement arrangements. Such was the importance of procurement, that a Member was of the view that the temporary procurement officer post should be made permanent. In echoing the importance, officers stated that discussions were currently taking place across Devon in an attempt to establish a countywide approach to procurement. As discussions progressed, officers gave a commitment to keep the Committee informed in this respect.

It was then:

RESOLVED

1. That the Committee has reviewed the strategic risks and has made comments (as detailed in the minutes above); and
2. That the Group Manager – Business Development convene a meeting with the lead Executive Member for Business Development and Cllr Pearce to review the current scores attributed to each individual risk.

(Meeting commenced at 2.00 pm and finished at 3.35 pm)

Chairman