

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE  
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 12 MARCH 2015**

<b>Members in attendance</b> * Denotes attendance ∅ Denotes apology for absence			
*	Cllr I Bramble	*	Cllr L P Jones
*	Cllr C G Bruce-Spencer (Vice Chairman)	*	Cllr J T Pennington (Chairman)
∅	Cllr A S Gorman		

<b>Members in attendance and participating</b>
Cllrs H D Bastone, P W Hitchins and L A H Ward

<b>Members in attendance and not participating</b>
None

<b>Item No</b>	<b>Minute Ref No below refers</b>	<b>Officers and Visitors in attendance</b>
All Items		Group Manager – Support Services, S151 Officer, Head of Devon Audit Partnership, Monitoring Officer, Democratic Services Manager, Specialist Auditor, Grant Thornton Audit Manager and Grant Thornton Engagement Lead

**A.30/14 MINUTES**

The minutes of the meeting held on 8 January 2015 were confirmed as a correct record and signed by the Chairman.

**A.31/14 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.32/14 AUDIT COMMITTEE UPDATE – REPORT OF GRANT THORNTON**

The Committee was presented with a report from Grant Thornton that provided it with a report on progress in delivering on its responsibilities and also included:-

- a summary of emerging national issues and developments that could be relevant to the Council; and

- a number of challenging questions in respect of those emerging issues which the Committee may wish to consider.

In discussion, reference was made to:-

- (a) the Grant Thornton publications. The Grant Thornton representatives highlighted the importance of these publications and advised that copies were available for the Committee and the wider Council membership. The representatives also highlighted the comments contained whereby district councils were responding better to the financial climate in comparison to county councils and single tier authorities;
- (b) the Kerslake report on Birmingham City Council. The Committee requested that the S151 Officer present a report back to its next meeting on the potential implications for the Council arising from this report;
- (c) the Local Government governance review 2015. Members noted that 43% of those surveyed felt that scrutiny committees were not challenging enough about the way authorities conducted their business;
- (d) police and crime commissioners. The Committee had sympathy with 49% of those surveyed who felt that the transition to police and crime commissioners had not had a positive impact on local partnership working arrangements.

It was then:

### **RESOLVED**

That the report be noted.

A.33/14

### **THE AUDIT PLAN FOR SOUTH HAMS DISTRICT COUNCIL**

The Committee considered Grant Thornton's report that presented the Audit Plan for the Council.

In discussion, the following points were raised:-

- (a) Grant Thornton representatives emphasised the significant risk that they had identified in relation to the redundancy provision at 31 March 2015 being understated. The representatives proceeded to inform that they had held detailed discussions with officers on this matter. In so doing, the representatives wished to pay testament to the officers, who had been honest, open and transparent during these deliberations and had entered into early planning discussions with the external auditors on this matter;

- (b) In respect of the payroll authority list recommendation, it was confirmed that responsibility for this action should be attributed to the Case Management Team Leader.

It was then:

**RESOLVED**

That the report be noted.

A.34/14 **CERTIFICATION WORK FOR SOUTH HAMS DISTRICT COUNCIL FOR YEAR ENDED 31 MARCH 2014**

A paper was presented that considered the certification work for 31 March 2014, as published by Grant Thornton.

It was then:

**RESOLVED**

That the report be noted.

A.35/14 **INTERNAL AUDIT – REVISION OF AND PROGRESS AGAINST THE 2014/15 PLAN**

The Committee considered a report that informed Members of the principal activities and findings of the Council's Internal Audit team for 2014/15 to the end of January 2015 by:-

- providing a summary of the main issues raised by completed individual audits; and
- showing the progress made by Internal Audit against the 2014/15 annual internal audit plan, as approved by the Committee in April 2014.

In discussion, reference was made to:-

- (a) the transitional period of T18. In recognising the inevitable impact of the transitional period on the Council, Members hoped that this could be kept to an absolute minimum;
- (b) measures currently being considered to reduce the levels of Housing Benefit debtors;
- (c) the counter fraud audit. Since they were considered to be quick wins by the Committee, Members questioned why the issues identified during this audit were not being reviewed before the new financial year.

It was then:

**RESOLVED**

That progress made against the 2014/15 internal audit plan and the identified key issues arising be noted.

**A.36/14 THREE YEAR INTERNAL AUDIT PLAN 2015/16 TO 2017/18 AND ANNUAL INTERNAL AUDIT PLAN – 2015/16**

A report was considered that provided Members with the opportunity to review and comment upon the proposed internal audit plan for the coming three years (2015/16 to 2017/18) and the proposed annual internal audit plan for 2015/16.

In discussion, the following points were raised:-

- (a) The Committee was advised that the purpose of the Plan was to provide a framework within which the service operated and it was acknowledged that the Plan would evolve;
- (b) As an update, officers informed that there was an error on paragraph 2.4 of the presented agenda report. It was noted that the report should state that the internal audit resource had been reduced from around 377 days per year to around 345 days;
- (c) In light of a number of Member frustrations regarding ‘Development Control – Enforcement’, the Committee concluded that the priority of this audit should be increased from ‘low’ to ‘medium’.

It was then:

**RESOLVED**

1. That the content of the three-year Internal Audit Plan for the period 2015/16 to 2017/18 (Appendix A of the presented agenda report refers) be endorsed, subject to re-classification of the ‘Development Control – Enforcement’ audit from ‘low’ to ‘medium’; and
2. That the content of the Annual Internal Audit Plan for 2015/16 (Appendix C of the presented agenda report refers) be endorsed.

**A.37/14 INTERNAL AUDIT: CHARTER AND STRATEGY – 2015/16**

A report was considered that provided the opportunity for the Committee to review and comment upon the Internal Audit Charter and Strategy for 2015/16.

In discussion, reference was made to:-

- (a) the quality, experience and morale of officers involved in the system. The Committee emphasised that this was a fundamental issue for the Council to address at this current time. In reply, the Group Manager – Support Services informed that the new Senior Leadership Team was fully aware of this point and had already begun to put measures in place to keep the period of uncertainty to an absolute minimum;
- (b) the importance of the Internal Audit service being able to have direct access and freedom to report in their own name and without fear or favour to all officers and Members was stressed;
- (c) continual professional development. The Committee welcomed the comments whereby time would be allowed within the annual audit plan to allow internal audit staff to receive relevant training. A Member questioned whether there were any capacity issues within the Internal Audit team as a consequence of the Transformation Programme. In response, the S151 Officer informed that the current staffing levels were deemed appropriate and were consistent with the service blueprinting exercise which had been undertaken at the start of the Programme.
- (d) the work and attitudes demonstrated by Support Services staff. To their great credit, the lead Executive Member for Support Services highlighted the excellent work and attitudes which had been demonstrated by those staff within her service area, who had risen to the challenge in what had been difficult circumstances.

It was then:

### **RESOLVED**

That the Internal Audit Charter and Strategy 2015/16 has been reviewed and consequently be approved.

A.38/14

### **ANNUAL REVIEW OF THE COUNCIL'S CONSTITUTION**

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

In light of the revised governance arrangements, Members noted that there would be no need for the Programming Panel to be convened in the 2015/16 Municipal Year.

It was then:

**RECOMMENDED**

That the Council be **RECOMMENDED** that the amendments to the Council Constitution 2015 (as summarised in paragraph 2.2 of the presented agenda report and fully outlined on the website) be approved.

A.39/14 **UPDATE ON INDICATORS FROM THE AUDIT COMMISSION'S VALUE FOR MONEY PROFILE TOOL**

Consideration was given to a report that updated Members on the latest indicators available from the Audit Commission's Value for Money Profile Tool.

It was then:

**RESOLVED**

That the report be noted.

A.40/14 **CHAIRMAN'S CONCLUDING REMARKS**

As this was the last scheduled Committee meeting of the 2014/15 Municipal Year, and the local elections would have taken place before the Committee was to meet again, the Chairman wished to thank all Members and officers for their respective contributions. In addition, the Chairman commented that, through collective working, the Committee had achieved plenty during the four year term of this Council.

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

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Chairman