

TORRIDGE DISTRICT COUNCIL  
AUDIT & GOVERNANCE MEETING  
Tuesday, 12 June 2018 - 2.00 pm

PRESENT Councillor P Hackett (Chair)  
 Councillors J Hellyer, D Brenton, J Himan and R Julian

ALSO PRESENT S Hearse - Strategic Manager (Resources)  
 D Heyes - Finance Manager  
 M Bartlett - Engagement Lead  
 G Daly - Engagement Lead  
 R Hutchins - Devon Audit Partnership Manager  
 M Richards - Democratic Services Officer  
 C Dobbs - Service Improvement Officer

Mr A Ashworth - Non-elected Member

The Chair welcomed everyone to the meeting and extended a special welcome to the new Vice Chair.

1. APOLOGIES FOR ABSENCE

There were no apologies.

2. MINUTES

It was proposed by Mr Ashworth, seconded by Councillor Julian and –

Resolved:

That the minutes of the meeting held on 13 February 2018 be signed as a correct record.

(Vote: For 3, Abstentions 3)

3. DECLARATION OF INTERESTS

Members were reminded that declarations of interest should be made as and when the specific agenda item to which they related was under discussion.

4. AGREEMENT OF AGENDA ITEMS PART I AND II

There were no Part II items.

5. URGENT MATTERS BROUGHT FORWARD WITH THE PERMISSION OF THE CHAIR

There were no urgent matters brought forward.

## 6. AUDIT MANAGER'S OPINION

The DAP Partnership Manager introduced himself and his Team Member, Gary Spratley.

The Committee was informed that the Annual Audit Manager's Opinion provided a summary of the work carried out within the last financial year and served to assure Members that measures were in place to identify and address risks. The DAP Partnership Manager defined the assurance statement and drew Members' attention to the coverage and results of the audits carried out.

Clarification of the performance indicator values was given and the rating system was explained in more detail. Members raised the issue of slippage and highlighted slippage within the overall controls. A further discussion took place, with the Strategic Manager (Resources) reaffirming that the management of slippage was dependent on whether the slippage would result in unacceptable risk. Resources were finite and systems and controls would be managed within the resources available. Also, an opinion as to the progress within Planning was sought. The detail was not to hand, however, the DAP Partnership Manager confirmed that progress had been and was continuing to be made. The Strategic Manager (Resources) added that a Planning Improvement Plan had been put in place and the Team was now fully resourced. Other issues discussed included:

- The new Waste & Recycling regime – Members were advised that a post project review would be carried out but in the interim any complaints should be forwarded to the Service Improvement Officers.
- Satisfaction survey comments to be depersonalised in future reports.

The DAP Partnership Manager concluded that, overall, the report was good and confirmed that Authority's internal control framework was both adequate and effective.

Members noted the report.

## 7. ANNUAL GOVERNANCE STATEMENT - FINAL REVIEW

The Service Improvement Officer presented the report and asked Members for approval of the Annual Governance Statement which was to be signed off with the Financial Statement at the meeting on 24 July.

Members reviewed and discussed the statement.

It was proposed by Councillor Hellyer, seconded Councillor Brenton and –

Resolved: That the Annual Governance Statement be formally approved.

(Vote: For – unanimous)

The Summary Action Plan was noted.

## 8. DRAFT ACCOUNTS 2017 - 2018

The Finance Manager commenced his presentation of the draft accounts by talking Members through variances from budget which showed a total surplus of £604,000. £760,000 had been released from reserves to give a balanced budget position. The key variations were:

- Business rates – The Government would compensate Council's in respect of small business rates relief, however, it would take time to filter through. As part of the Devon Business Rate Pool, TDC had contributed £237,000. The process was that, if a profit was achieved, 50% went into the Pool to be shared out amongst the member councils. If TDC were not part of the Pool, any profit would go back to Central Government. TDC's share from the Pool would not be released until 2019/2020.
- Housing Benefit Subsidy – Local Authorities were obliged to house the homeless. In the Torridge area it was often difficult to find suitable housing and many people ended up in temporary bed and breakfast accommodation but Government reimbursement was less than the actual cost. Other tenants were on assisted tenancies through Charis House and The Bideford Lighthouse Trust. Although registered charities, these organisations were not registered social landlords and this meant there were restrictions on how much could be claimed.
- Staffing - there had been a large underspend. Funds had been set aside from the reserves for agency staffing.

The £604,000 surplus had been transferred to reserves and earmarked for a series of projects, some of which had already been approved by the Community & Resources Committee.

The Strategic Manager (Resources) explained that the overspend in his service area was due largely to the housing benefit subsidy as already discussed and the telephony upgrade.

Details were given relating to treasury activities, the pension fund, the capital programme and the collection of Council Tax and Business Rates. The capital programme and Member involvement in decision making was discussed.

## 9. WAIVERS AND NON-COMPLIANCE WITH PROCEDURE RULES

The Service Improvement Officer presented the report on non-compliance with procedure rules and waivers. He explained the waiver process and pointed out that the number of waivers had decreased significantly.

The report was noted.

## 10. 2018/19 AUDIT FEE LETTER

The Annual Fee Letter for the External Auditor was presented. The letter outlined

the billing schedule and the audit timetable and Members were advised that the main audit fee would be set at £31,792. Grant Thornton confirmed the work would be completed by the end of July.

Reference was made to a footnote within the papers regarding private meetings between Members and Grant Thornton at the end of Audit & Governance meetings. The Engagement Lead confirmed it was common practice for officers to leave at the end of the meeting to allow private meetings with Members and that information discussed would be treated with the strictest confidence. The Chair advised that he had a private meeting with Grant Thornton before each A&G Meeting and said other A&G Members were welcome to attend.

## 11. GRANT THORNTON UPDATE REPORT

The Audit Progress Report, as at 31 May, provided Members with an update on the External Auditors' progress, together with a summary of emerging national issues and developments. Members were able to view the deliverables and the results of the interim audit work, as well as an overview of the General Data Protection Regulation. There were no issues to report to Members.

The Engagement Lead, Grant Thornton, referred Members to the following publications:

- Public Sector Audit Appointments – Report on the results of auditors' work 2016/17
- The National Audit Office - Report on financial sustainability across Local Government
- CIPFA - The Prudential Code and Treasury Management Code

A section of the presentation was dedicated to the Vibrant Economy Index, a piece of work carried out by Grant Thornton which provided a robust, independent framework to help everyone understand the challenges and opportunities in their local area.

The Chair thanked the Engagement Lead and the report was noted.

## 12. AUDIT REPORTS ISSUED TO DATE

The Summary of Internal Audit Reports Issued to Date was reviewed. Audits had been carried out on 7 service areas.

The opinion for the audits on Housing Benefits and Payroll had been "good"; "satisfactory" for the audits on Cyber Security – End User Controls, KPIs, Risk Management and Cemeteries; and "marginal/satisfactory" for Health & Safety.

The Environmental & Community Safety Manager had identified resources and was awaiting approval for a nominated Health & Safety Officer. TDC's assets, particularly the former Cattle Market buildings and East-the-Water Wharves, were raised by Members as sites of high risk in terms of Health & Safety. The Strategic Manager (Resources) stated that the sites had been made secure and warning

signage had been erected. A report would be brought back to the Audit & Governance Committee at a future date.

Concerns were raised that flaws had been identified in areas as critical as Cyber Security and Health & Safety. The Strategic Manager (Resources) responded that the ICT policy had been updated but needed to be approved by the Management Team and a plan is in place to resolve the Health & Safety resource issue.

It was proposed by Councillor Himan, seconded by Julian and –

Resolved:

That an interim report be brought back to the meeting on 24 July with regard to Health & Safety and that the Environmental & Community Safety Manager be invited to attend.

(Vote: For – unanimous)

The report was noted.

### 13. PROGRESS WITH AGREED AUDIT ACTIONS

The Service Improvement Officer delivered the Progress with Agreed Actions report. The Committee was informed that, since the last meeting of Audit & Governance, 29 new audit actions had been identified in relation to the 7 internal audits carried out; 32 audit actions had been completed by management; extensions for 10 items had been put forward and agreed and 2 second extensions had been proposed; one audit action had been recommended for archive and 5 audit actions remained outstanding.

It was proposed by Councillor Hackett, seconded by Councillor Julian and –

Resolved:

- That the second extension and archive requests be agreed.
- That the Progress with Agreed Actions report be noted.

(Vote: For 5, Abstentions 1)

### 14. THE LOCAL AUDIT QUALITY FORUM

The Chair reported on his recent attendance at the Local Audit Quality Forum. The Forum had explored:

- The importance of public audit, the National Audit Office's role and responsibilities in relation to local audit
- A comparison of different models of public audit
- The key themes of CIPFA's guidance on Audit Committees

An example was received of an authority which had ignored the auditors flagging issues over a 2 year period and the pressures resulting consequently on the services of that council. On the back of these failings, CIPFA will now publish a resilience index so that councils can be identified who are at risk of depleting reserves.

As Audit & Governance was becoming one of the most important Committees it had a key role in maintaining the financial health of the Council.

The Chair to circulate a copy of his notes to all Committee Members.

Discussion points raised during the ensuing debate:

- The Head of Paid Service had not attended an Audit & Governance meeting for a long time
- Detailed information needed to be presented in a format that could be easily understood by the public
- Services had to be delivered within resource available
- More training was required for Audit & Governance Members– more detail needed, although training needs were already being considered in anticipation of a new Council in 2019.

#### 15. FORWARD PLAN

The Forward Plan was considered. Additional items for the meeting on 24 July:

Health & Safety  
Ongoing Concern

The Waste & Recycling post project review would not be ready for the next meeting but would feature at a later date.

#### 16. CORPORATE ASSURANCE RISK REGISTER - JUNE 2018

The Strategic Manager (Resources) highlighted the additional actions within each corporate risk and detailed the actions taken to mitigate the risk.

Councillors specifically raised safeguarding children and vulnerable adults for debate and were advised that it was not compulsory for Councillors to be CRB checked but it was advisable that they were checked due to the nature of their roles.

In response to concerns raised about telephony the Committee was advised that a back up system was in place.

The meeting commenced at 2.00 pm and closed at 4.00 pm.

Chair:

Date: