

TORRIDGE DISTRICT COUNCILAUDIT & GOVERNANCE MEETINGTown Hall - Bridge Street, Bideford, EX39 2HSTuesday, 14 February 2017 - 2.00 pm

PRESENT	Councillor P Hackett (Chair)		
	Councillors J Himan, K James, D Brenton and R Julian		
	Mr A Ashworth	-	Non-elected Representative
ALSO PRESENT	S Hearse	-	Strategic Manager (Resources)
	M Bartlett	-	Grant Thornton Audit Manager
	R Hutchins	-	Devon Audit Partnership Manager
	C Dobbs	-	Service Improvement Officer
	M Richards	-	Democratic Services Officer
	R Bonaparte	-	Business Transformation Manager
	D Green	-	Planning Manager
APOLOGIES	There were no apologies		

The Chair welcomed everyone to the meeting.

36. MINUTES

The minutes of the meeting held on 29 November 2016 were presented.

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

Resolved:

That the minutes be confirmed as a correct record and signed by the Chair.

(Vote: For - unanimous)

37. ACTION LIST

The Action List was reviewed and it was noted that no follow up action was required in relation to the Audit Committee Meeting at Plymouth City Council.

Minute 27

The Chair confirmed he spoke regularly with Grant Thornton and would bring items for consideration by Full Council as and when appropriate.

38. 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.

39. AGREEMENT OF AGENDA ITEMS PART I AND II

The agenda as circulated was agreed.

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

There were no urgent matters brought forward.

41. CORPORATE RISK REGISTER

The Strategic Manager (Resources) advised that the Risk Management Group had not yet met as today's was an additional Audit & Governance meeting. The next Risk Management meeting was due to take place next week.

An update was provided for risks which had seen changes since the last meeting. It was noted that:

- Reports on the budget had been presented to the Community & Resources and Internal Overview & Scrutiny Committees and would be going to Full Council on 27 February 2017.
- The Operational Management Team was taking part in Health & Safety Training.

42. FASTER CLOSEDOWN OF ACCOUNTS

The Strategic Manager (Resources) advised that to accommodate the requirement for a faster closedown of accounts, the external audit process would also need to be brought forward. Early works have already commenced and an interim audit would be taking place next week.

The Audit Manager, Grant Thornton, referred Members to the summary papers distributed and highlighted the key elements for faster closedown, which were having the right systems and processes in place; audits and all parties working together. He made reference to a series of workshops which had taken place and how the information gained had provided a basis, although not definitive, as the process would be influenced by capacity, systems etc.

In future, Members would see a higher level of estimates in the draft accounts and bigger differences between estimates and the final position. However, it was something people would soon get to used.

Concerns were raised regarding increased risk. The Strategic Manager (Resources) responded that discussions were taking place with the auditors to

mitigate any risk. Grant Thornton's Audit Manager added that there would be more regular hard closedowns and historical events and trends would also be used.

The Strategic Manager (Resources) acknowledged the Members' wish to see an update being brought back regularly to the Audit & Governance Committee.

The DAP Partnership Manager wished to raise awareness that extra pressure would be put on the External Auditors. Grant Thornton's Audit Manager explained that their approach was to bring forward as much work as possible, and indeed this had been happening over the past 2 years, and then to top-off in the Summer. It was anticipated that additional pressure would be felt by Grant Thornton at the end of July when all councils would want to schedule meetings.

43. ANNUAL CERTIFICATION LETTER

The Annual Certification Letter was presented, representing the final piece of work for 2015/16 and relating to Housing Benefits Subsidy Claim. It was noted that there were no amendments, no qualifications and no incidents triggering 40+ testing.

The letter was noted.

44. ANTI FRAUD, CORRUPTION & BRIBERY POLICY AND WHISTLEBLOWING POLICY

The Service Improvement Officer presented the combined report on Anti Fraud, Corruption & Bribery and Whistleblowing policies. The documents had last been approved in 2014 and Members' agreement was now being sought that the updated documents were fit for purpose. The Service Improvement Officer highlighted the changes, adding that there were no fundamental changes.

Assurance was sought that the policies followed Local Government Association policies. It was confirmed that the policies were originally based on CIPFA templates, written approximately 5-6 years ago and most councils had adopted these models. The DAP Partnership Manager stated that the updated policies had been sent to the Devon Audit Partnership who had made sure they contained all the key elements and he further confirmed nothing was amiss.

During the ensuing discussions the following points were raised:

- It was felt that Unions should be added to the list of external bodies available to officers as they provided a vital role in terms of anonymity and distance.
- Whistleblowing Policy – Elected Members should also be a point of contact for officers.
- More emphasis should be put on the Council's zero-tolerance approach.
- Points 5.8 and 5.15 – Reference should be made to the involvement of the Audit & Governance Committee, timescales/qualification and how the process worked.
- Point 7.6 – How independent is the Investigating Officer?
- Point 8.2 - In response to a query about evidence of training, the Service Improvement Officer referred to the Officers' Guide to Whistleblowing, which

is regularly updated and given to all employees as well as induction training which is undertaken by all new starters.

- The Service Improvement Officer confirmed that the Human Resources Department held records of whistleblowing and that whistleblowers were offered anonymity and protection.
- It was important to highlight that anybody aware of anything reportable must report the incident, otherwise they would be complicit.
- Confirmation was given that there was a process for handling incidents of vexatious whistleblowing.

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

Resolved: That the updated Anti Fraud, Corruption & Bribery Policy and Strategy and the updated Whistleblowing Policy be approved subject to the following amendments:

- Ensure clear reference be made in the policies that staff have the option to go to:
 - the Union
 - Elected Members
- More emphasis should be put on the Council's zero-tolerance approach.
- Points 5.8 and 5.15 – Reference should be made to the involvement of the Audit & Governance Committee, timescales/qualification and how the process worked.
- Clear reference be made that anybody aware of anything reportable must report the incident, otherwise they would be complicit.

(Vote: For – unanimous)

Councillor Brenton left the meeting.

45. AUDIT REPORTS ISSUED TO DATE

The DAP Partnership Manager presented the report which contained details of 11 audits which had been published since the last meeting. The audits reported were: Safeguarding, Section 106 (Follow-Up to previous audit), Travel and Subsistence, Culture and Ethics, Planning Enforcement, Main Accounting, NNDR, Insurance, Creditor, Register of Interests and Payroll.

The Committee was informed of the controls in place and the summary of the findings for each audit.

With reference to the Safeguarding audit, a consideration was raised that 5 out of 9 controls being met and equating to a "satisfactory" opinion and then being perceived by the Customer Support Manager as a positive audit surely gave rise to increased risk. The Strategic Manager (Resources) stated that safeguarding presented a significant risk to all authorities, however meetings with safeguarding boards and leaders had been taking place.

In response to an observation that there had been a lot of debate over S106 agreements, the Planning Manager advised that a lot of work had been completed in relation to documentation and record keeping. Planning enforcement and affordable housing were discussed. A recommendation was made that enforcement should be red-flagged and warranted a separate audit.

The Service Improvement advised that a quarterly report in relation to Local Government Ombudsman complaints was sent to all Councillors via the Members' Bulletin. Members were also informed that there were no governance issues brought to the ombudsman which had been investigated. It was noted that the Service Improvement Officer and the Chair will meet quarterly to review whether any LGO complaints needed to be raised at Audit & Governance.

A question was asked regarding supplier accounts which have not been used for some time. The Strategic Manager (Resources) will investigate and liaise with the Chair,

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

Resolved:

That the reports be noted.

(Vote: For - unanimous)

46. REVIEW OF GOVERNANCE EVIDENCE - PRINCIPLE B2

The Service Improvement Officer confirmed the requirement of the Accounts & Audit (England) Regulations 2015 to review at least once a year the effectiveness of the Council's control environment and to publish this in the Annual Governance Statement.

Examples, updated with actions, were presented in relation to Principle B.2, Engaging Comprehensively With Institutional Stakeholders.

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

Resolved:

That the report be noted.

(Vote: For unanimous)

47. GRANT THORNTON UPDATE REPORT

The Engagement Manager, Grant Thornton, provided a progress report on the Housing Benefits Subsidy Claim 2015/2016, together with 2016/17 work, which included fee letter; accounts audit plan and interim accounts audit. He gave details of changes to the 2016/17 CIPFA Code and advised Committee Members that the primary statement would look a little different and would resemble the quarterly monitoring reports, for example.

A further change would be a move away from historic financial reporting to a more progressive and forward looking style. The Engagement Manager, Grant Thornton, highlighted some of the future considerations for Torridge District Council, such as the Apprentice Levy, Salary Sacrifice and Brexit.

The Joint Venture Seminar was discussed. Grant Thornton to consider opening future seminars up to a wider audience.

Members noted the report.

48. FORWARD PLAN

The Forward Plan was considered and updated, to include :

April 2017	Add Faster Closedown Of Accounts Remove External Auditors
------------	--

Other Items	Governance Training to be rescheduled for 2007/18
-------------	---

49. EXCLUSION OF THE PUBLIC

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

Resolved:

That under Section 100(a)(4) of the Local Government Act (as amended) the public be excluded from the meeting for the following items of business because of the likely disclosure of exempt information by virtue of Paragraph 3 of Part 1 and Paragraph 10 of Part 2 of Schedule 12A of the Local Government Act 1972.

(Vote: For unanimous)

PART II (CLOSED SESSION)

50. AUDIT REPORTS ISSUED TO DATE - CYBER SECURITY AUDIT

The DAP Partnership Manager outlined the nature and outcome of the ICT Cyber Security 2016/17 audit report which included information pertaining to potential weaknesses relating to ICT controls in place which maintain the security of the Authority's ICT systems.

The Business Transformation Manager gave a more detailed history and the actions which had been taken subsequently to mitigate the risk identified.

The report was noted.

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

Resolved:

That the press and public be readmitted.

(Vote: For – unanimous)

The meeting commenced at 2.00 pm and closed at 4.21 pm.

Chair:

Date: