



Minutes of the Audit Committee

21 March 2018

-: Present :-

Councillor Tyerman (Chairman)

Councillors Barnby, Bent, O'Dwyer, Morey, Stocks and Darling (S)

123. Apologies

It was reported that, in accordance with the wishes of the Liberal Democrat Group, the membership of the Committee had been amended for this meeting by including Councillor Darling (S) instead of Councillor Long.

124. Minutes

The Minutes of the meeting of the Audit Committee held on 24 January 2018 were confirmed as a correct record and signed by the Chairman subject to the following amendment to Minute 120:

~~'Members questioned whether there were opportunities to use the treasury management function for a local authority credit union. The Head of Finance *be requested to explore the opportunities for* explained that a credit union would not be a treasury management issue but for the Executive Head for Community Safety to consider and determine whether such a service would be successful for both the community and the Council.~~

125. Urgent Items

The Committee considered the items in Minute 133, and not included on the agenda, the Chairman being of the opinion that they were urgent by reason of special circumstances i.e. the matter having arisen since the agenda was prepared and it was unreasonable to delay a decision until the next meeting.

126. Internal Audit Strategy

Members noted the Internal Audit Strategy. The Head of Devon Audit Partnership informed Members that the strategy was a high-level statement of how the internal audit service will be delivered.

Members questioned whether the service could withstand further budget reductions and still deliver a service that would provide the assurance required. Members were advised that Internal Audit had seen significant reductions which

coincided with changes to the Council, without these changes resources would have been a concern.

Members also explored the Children's Services partnership and whether Internal Audits responsibility would change, Members were advised that the contract envisaged an implementation programme of reviewing best practice for which the skills of Internal Audit would be required with sovereign powers retaining decision making powers.

Members queried the trigger for reporting incidents of fraud to the Audit Committee and requested the Assistant Director of Corporate and Business Services consider a protocol for when fraud issues should be raised with Audit Committee.

127. Internal Audit Charter

The Audit Committee noted the Internal Audit Charter which formally described the purpose, authority and principal responsibilities of the Council's Internal Audit Service.

128. Internal Audit Plan 2018-19

Members noted the Internal Audit Plan, the plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the Head of Finance (Section 151) and members with assurance on the control framework to manage identified risks. Members further noted the plan will remain flexible and any changes will be agreed formally with management and reported to the Audit Committee.

129. Update on Emergency Planning and Business Continuity Audit

Members were advised that in 2017 an internal audit was undertaken of Emergency Planning and Business Continuity, a number of issues were identified with fundamental weaknesses being found in continuity planning. Members noted that in February the Senior Leadership Team agreed a new Corporate Business Continuity Strategy and the recent weather focusing attention even more on business continuity. Officers will be seeking approval from the Senior Leadership Team regarding the determination of the authority's critical functions, with testing of plans being programmed to determine the robustness of the plans.

Members questioned whether input from public transport services was sought during the recent weather events. The Assistant Director for Corporate and Business Services advised transport agencies input was sought at a silver command level however she acknowledged that locally the authority wasn't as interlinked with public transport as perhaps it could be. Members further questioned what reassurance the authority had regarding commissioned services such as care providers continuity plans. Members were advised that when services were first commissioned their continuity plans were requested, however business continuity focus has tended to be internal rather than on external organisations.

Members noted that following the presentation at the Audit Committee the Head of Devon Audit Partnership confirmed that the team were moving in the right direction to address the fundamental weaknesses.

130. Audit Progress Report and Sector Update

Members noted a report that detailed progress made by the Council's External Auditors in delivering their responsibilities and provided a summary of emerging national issues and developments that may be relevant to local authorities.

131. External Audit Plan

The Committee noted a report that provided an overview of the planned scope and timing of the statutory audit of the Council. Members noted that the following risks required specific audit consideration and procedures to address the likelihood of a material financial statement error:

- Management override of controls
- Valuation of property, plant and equipment
- Valuation of pension fund net liability

The Audit Plan also set out the Council's significant value for money risks identified by the external auditor's initial risk assessment. Members noted the areas of focus for the auditor's Value for Money work in 2017/18.

132. Corporate Performance Report Q3 2017/18

Members noted the Corporate Performance Report for quarter 3. Members challenged the level of assurance they could gain from the report that underperforming areas would improve over the next quarter given that the report was not accompanied by recovery plans. Members requested that the report be circulated at the earliest opportunity in order for them to determine which performance indicators should be subject to a 'deep dive' by the Audit Committee.

133. Audit Committee Terms of Reference

Members were advised that recent DCLG guidance required Local Authorities to name a specific body responsible for ensuring effective scrutiny of the capital strategy. The Head of Finance felt that the Audit Committee would be the most appropriate body.

Resolved:

That the Monitoring Officer be requested to amend the Audit Committee's Terms of Reference to include the scrutiny of the Capital Strategy.