

Audit Committee

Thursday 7 December 2017

PRESENT:

Councillor Sam Leaves, in the Chair.
Councillor Parker-Delaz-Ajete, Vice Chair.
Councillors Sam Davey, Dr Mahony and Mrs Pengelly.

Co-opted Representatives: Mr Clarke and Mr Stewart.

Also in attendance: Andrew Hardingham (Interim Joint Strategic Director for Transformation and Change), Mike Hocking (Head of Assurance Services) and Julie Hosking (Corporate Risk Advisor) , Chris Flower (Finance Business Partner), David Curno (Devon Audit Partnership) and Brenda Davis (Audit Manager), Matthew Hepenstal (BDO)

The meeting started at 2.00 pm and finished at 3.30 pm.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

31. Declarations of Interest

The following declaration of interest was made in accordance with the Code of Conduct –

Name	Subject	Reason	Interest
Councillor Sam Leaves	NEW Devon CCG	Employee of NEW Devon CCG	Personal

32. Minutes

Agreed the minutes of the meeting held on 14 September 2017 as an accurate record.

Under this item Councillor Mrs Pengelly raised the issue of data protection breaches discussed at the previous meeting and her expectation that an update would be provided to this meeting. Members were advised that this would be covered by the Strategic Risk Register update and the current position would be presented to Members in March 2018.

33. Chair's Urgent Business

Under this item, Councillor Dr Mahony raised concerns regarding several letters, containing the Council's logo, which were sent to several students in the city, advising them of their legal requirement to register to vote and the possibility of a fine of £80 being imposed if this was not done. It was considered that the letters had a bullying tone and clarification was requested from Officers as to whether the statements contained in the letter were true.

Agreed that –

- I) Andrew Hardingham (Interim Joint Strategic Director for Transformation and Change) would seek clarification if it was a legal requirement for students to register to vote and if the Council had the authority to charge £80; Members would be updated via email;

- 2) an update regarding the Elections Review, detailing key points from the independent investigation and the resultant changes to the service, would be submitted to the next Audit Committee; an officer from electoral services to be present at the meeting.

34. **Operational Risk and Opportunity Management - Update Report**

Mike Hocking (Head of Assurance Services) and Julie Hosking (Corporate Risk Advisor) presented the Operational Risk and Opportunity Management Update Report.

The report provided a summary of the latest monitoring exercise covering the position as at November 2017. Members were advised that the total number of operational risks now reported remained at 112, comprising of 71 medium (amber) risks and 41 low (green) risks. There were no high (red) operational risks to report.

Agreed that the Audit Committee note and endorse the current position with regard to operational risk and opportunity management.

35. **Mid-Year Treasury Management Report 2017/18**

Chris Flower (Finance Business Partner) presented the Mid-Year Treasury Management Report 2017/18.

Members were advised that the aim of the report was to provide the Audit Committee and the Council with a mid-year review of the Council's treasury management activities for the first 6 months to 30 September 2017. This was a statutory requirement under the Local Government Act 2003 and supporting regulations to set an annual treasury strategy for borrowing and prepare an Annual Investment Strategy.

Under this item Members were advised that from 3rd January 2018, as a result of the second Markets in Financial Instruments Directive (MiFID II), local authorities would be treated as retail clients who could "opt up" to be professional clients, providing that they met certain criteria. Plymouth City Council met the conditions to opt up to professional status and intended to do so in December 2017 in order to maintain their current MiFID status.

Agreed that –

- 1) a 'good news' statement should be written advising that the Council's money lost to Iceland had all been secured, including interest.
- 2) the Audit Committee note the mid-year Treasury Management Report 2017/18.

36. **Treasury Management Strategy 2018/19**

Chris Flower (Finance Business Partner) presented the Treasury Management Strategy 2018/19.

Members were advised that it was a statutory requirement under the Local Government Act 2003 and supporting regulations to set an annual treasury strategy for borrowing and prepare an annual investment strategy. The Council had adopted the CIPFA Code of Practice for Treasury Management.

Agreed that the Audit Committee recommends the Treasury Management Strategy 2018/19 (incorporating the authorized limits, operational boundaries and prudential indicators) to the Cabinet for approval.

37. **Internal Audit Half Year Report 2017/18**

David Curno (Devon Audit Partnership) and Brenda Davis (Audit Manager) presented the Internal Audit Half Year Report 2017/18.

Key areas of questioning from Members related to:

- housing benefit overpayment recovery rates;

- the feasibility and benefits of joining South West Audit Partnership and Devon Audit Partnership in relation to staffing and economy of scale.

Agreed that –

- 1) the current recovery rate of housing benefit overpayment would be provided to Members;
- 2) the Audit Committee note that based on work performed in the first half of 2017/18, the internal audit opinion is that of 'significant assurance' on the adequacy and effectiveness of the authorities internal control framework.

38. **External Audit Progress Report**

Matthew Hepenstal (BDO) provided a brief overview of the External Audit Progress Report.

Under this item Paul Looby (Head of Financial Planning and Reporting) advised Members that due to the changes in accounting timescales, an Audit Committee was requested to take place at the end of July 2018.

Members noted the update.

39. **Annual Audit Letter**

Matthew Hepenstal (BDO) provided a brief overview of the Annual Audit Letter highlighting the aim to summarise the key issues arising from work carried out by the External Auditor in respect of the year ending 31 March 2017.

Members noted the Annual Audit Letter.

40. **Integrated Commissioning - Finance Assurance Review Group - Annual Report 2016/17 including ASW Audit Programme for CCG**

Andrew Hardingham (Interim Joint Strategic Director for Transformation & Change) presented the Integrated Commissioning – Finance Assurance Review Group Annual Report.

It was queried why, on page 109 of the agenda pack, that recommendation 2 said 'disagree'; it was considered that further context and detail was required as to why the response was to disagree.

Agreed that –

- 1) in a situation whereby there was a view to disagree with recommendations contained within the report, that further detail is provided to add context;
- 2) Members noted the report.

Under this item Councillor Mrs Pengelly praised Plymouth City Council and Western Locality Devon CCG officers for being awarded the national Public Finance Innovation Award.

41. **Analysis of Local Government Ombudsman Annual Report**

Andrew Hardingham (Interim Joint Strategic Director for Transformation & Change) presented the Analysis of Local Government Ombudsman Annual Report.

Key areas of questioning from Members related to:

- (a) who in the Council was responsible for co-ordinating and analysing complaints;
- (b) if the Ombudsman ever specified how much money should be paid out to those who should be reimbursed;
- (c) clarification regarding a complaint received regarding a major planning application and the requirement for the Planning Committee to receive independent training.

(Under this item Councillor Mrs Pengelly declared a personal interest as one of her local residents had made a complaint to the Council which was listed in the agenda pack)

42. **Review of Rolling Workplan**

Members agreed the rolling workplan.