

AUDIT COMMITTEE

27 February 2019

Present:-

Councillors J Mathews (Chair), I Hall (Vice-Chair), J Brazil, R Peart, A Saywell and Y Atkinson

Apologies:-

Councillors J Berry

* 44

Minutes

RESOLVED that the Minutes of the meeting held on 8 November 2018 be signed as a correct record.

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Items Requiring Urgent Attention

The Chair reported that following the work that this Committee has undertaken in raising the issue, a policy of conducting a Basic Disclosure and Barring Service (DBS) check for all Members of the Council has been adopted.

* 46

Doing What Matters Project

The members received a verbal update from the Head of Organisational Change and the Method Facilitator, Organisational Change on the continued work of the County Council's transformation approach called *Doing What Matters*.

During discussion reference was made to the following:

- The programme is being rolled out across the organisation over the next 3 years.
- Local communities are very much part of the redesign process.
- Projects are underway in a diverse range of areas including in Highways, Corporate Workforce Development, Children's and Adult Services.
- Concern about delays to the North Devon Social Hub project.
- Work that is underway to mitigate risks to the Local Authority.
- Timescales, and the need for a dedicated staff team to drive this work forward in terms of getting positive outcomes. This work only moving at pace where there are protected teams.
- The need to communicate *Doing What Matters* to all members, and the standing invite for councillors to G41 to get further information on the various projects the team are involved in.
- The potential for a scrutiny masterclass on *Doing What Matters*.

Members welcomed the presentation and noted the work being undertaken to drive organisational improvement.

* 47

External Audit Plan - Devon County Council 2018/19

The Committee received the report of Grant Thornton setting out the external auditors' audit plan covering 2018/19, including challenges and opportunities for the Council; developments relevant to the Council's business; materiality; significant risks; value for money; results of interim audit work; key dates for the audit work; new audit methodology and external auditors' fees.

The external auditors highlighted to members an error on p.8, where the pension fund net liability should state £1.1 billion.

It was **MOVED** by Councillor Hall, **SECONDED** by Councillor Saywell and

RESOLVED that the report and findings be noted.

* **48** **External Audit Plan - Devon Pension Fund 2018/19**

The Committee received the report of Grant Thornton setting out the external audit plan of the Devon Pension Fund covering 2018/19, including challenges and opportunities for the Council, wider developments relevant to the Council's business, significant risks, results of interim audit work, key dates for the audit work and the external auditors' fees.

It was **MOVED** by Councillor Peart, **SECONDED** by Councillor Saywell and

RESOLVED that the report and findings be noted.

* **49** **External Audit Progress Report & Update**

The Committee received the report of Grant Thornton outlining the progress made in delivering their responsibilities as the Council's external auditors. The report also included a summary of emerging national issues and developments that may be relevant to the Council.

Grant Thornton updated members of the Committee on the progress they had made in completing their review of the objection they had received in respect of the 2017/18 financial statements of Devon County Council.

As part of this work, Grant Thornton had asked the Council to comment on the progress against the 11 recommendations and agreed actions that arose from their review of the objection received in respect of the Council's 2015/16 financial statements.

The Committee members were interested in the progress being made by the Council in this respect and asked for an update to be provided by Officers at the next Audit Committee meeting in May 2019.

The external auditors advised that they were satisfied with the assurances the Council has made.

It was **MOVED** by Councillor Hall **SECONDED** by Councillor Peart and

RESOLVED

(a) that an update on progress against the 11 recommendations and agreed actions in respect of the Council's 2015/16 financial statements be provided by officers at the next Audit Committee meeting on 21 May 2019. Grant Thornton would also update the Committee on the determination of the objection itself at that meeting.

(b) that the report and findings be noted.

* **50** **Letter to 'Management' and 'Those Charged with Governance' from the Council's External Auditors**

The Committee received the letter to 'management' and those 'charged with governance' from the external auditors relating to the County Council's processes to prevent and detect fraud, and to ensure compliance with law and regulation.

It was **MOVED** by Councillor Saywell, **SECONDED** by Councillor Peart and

RESOLVED that the letter and findings be noted.

* **51** **Internal Audit Plan 2019/20**

The Committee considered the report of the County Treasurer outlining key challenges and opportunities arising from the Council's corporate goals and strategic risk registers, overview of audit coverage, core activity including coverage days, annual governance framework, proposed reviews and associated risks and deferred reviews.

Members supported the County Council's zero tolerance approach to fraud both in terms of action being taken against any perpetrators and the work to ensure all necessary controls are put in place by the organisation.

Members questioned whether the GDPR focus in terms of internal audit work being undertaken was proportionate.

It was **MOVED** by Councillor Saywell, **SECONDED** by Councillor Brazil and

RESOLVED that the Internal Audit Plan for 2019/20 be endorsed.

* **52** **2018/19 Risk Management Update**

The Committee considered the Report of the County Treasurer which provided an update to the risk management process as support by Devon Audit Partnership.

Members welcomed the work over the last 18 months that has been undertaken in terms of risk management and felt some assurance that the County Council had become more risk aware. Members also highlighted the important role of scrutiny in terms of risk, and the regular risk reporting to the three scrutiny committees.

It was **MOVED** by Councillor Saywell, **SECONDED** by Councillor Brazil and

RESOLVED

(a) that the highest rated risks recorded in the Risk Registered be circulated to all members of the Council for their information.

(b) that the Committee notes the current summary risk position.

* **53** **Audit Committee Annual Plan 2019**

Members noted the Audit Committee Annual Plan and

RESOLVED that the current outline Plan be noted subject to inclusion of the following topics (arising from this meeting) for future consideration:

(a) 21 May 2019 – update on progress against the 11 recommendations and agreed actions in respect of the Council's 2015/16 financial statements

(b) 29 July 2019 - Doing What Matters

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 2.15 pm and finished at 4.10 pm