

AUDIT AND GOVERNANCE COMMITTEE

Wednesday 24 September 2014

Present:-

Councillor Greg Sheldon (Chair)
Councillors Baldwin, Brock, Lyons, Morris and Raybould

Apologies:-

Councillors Bowkett, Laws and Williams

Also Present:-

Deputy Chief Executive, Assistant Director Environment, Assistant Director Finance, Technical Accounting Manager, Audit Manager (HK), Service Improvement Lead, (Local Taxation) and Democratic Services Officer (Committees) (SLS)

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MINUTES

The minutes of the meeting held on 25 June 2014 were taken as read and signed by the Chair as correct.

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DECLARATIONS OF INTEREST

No declarations of discloseable pecuniary interest were made.

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COUNCIL TAX STUDENT EXEMPTION CLASSIFICATION UPDATE

The Service Improvement Lead, (Local Taxation) attended the meeting and provided an update as Members had sought further information following an Audit report, which had highlighted an issue in relation to the Council Tax student exemption claimed by occupants of some properties. He detailed the process of identifying such properties, which included contacting Exeter and Plymouth Universities to confirm the number of students occupying 'private' properties and also properties classed as Halls of Residence. He responded to a Member's comment about the possibility of a review some weeks after the start of the first term. It was also made clear to landlords that the City Council should be notified of any such changes, however they would endeavour to carry out a more robust review more regularly to ensure that such properties were still occupied by students. It was good practice to ensure that such classification and also discounts for single occupiers were correct as there was the potential for the City Council and precept authorities to lose potential income. The Assistant Director Finance also responded to a comment on the effect that the student exemption classification of Council tax had on the financial settlement made by Government.

The Deputy Chief Executive confirmed that a review would commence to have a better understanding and consider the approach to be taken. The Service Improvement Lead, (Local Taxation) advised that, in the meantime, letters would be sent to the owners of properties to check if they still housed students to verify their names with Exeter and Plymouth Universities, a check will be made of the review date with property owners and staff would be offered some additional training to re-emphasise the importance of review dates.

Members thanked the Service Improvement Lead, (Local Taxation) Kevin Hughes for the presentation.

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AUDIT AND GOVERNANCE COMMITTEE UPDATE

David Bray, the Senior Audit Manager, from the Council's external auditors, Grant Thornton presented a report on the progress made by them in carrying out their responsibility as the City Council's auditor. He provided a verbal update and confirmed that the audit of the Final Accounts had now been completed. They were able to issue an unqualified opinion and meet the deadline of 30 September. He also responded to a Member's comment, and would advise the placement ranking of Exeter in the 'Where Growth Happens' report, and also Exeter's position in relation to the rest of Devon and Cornwall.

The Audit and Governance Committee noted the report.

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REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2013/14 - AUDIT FINDINGS FOR EXETER CITY COUNCIL

Geraldine Daly, the Engagement Lead, Grant Thornton presented the Audit Findings report for the Council's financial statements for the year ended 31 March 2014. She referred to the Executive Summary and provided a further update on the report, which had been prepared earlier in the month when the City Council's Audit was still in progress. It was anticipated that, subject to the approval of the final management representation letter and updating the post balance sheets events review, both items on the agenda, that an unqualified opinion on the financial statement would be issued.

A Member sought clarification on the previous system of appeals in relation to National and Non Domestic Rates (NNDR) and whether the City Council were obliged to allocate a provision for that. The Assistant Director Finance referred to the first year of the business rates retention scheme and confirmed they had looked at the number of outstanding appeals to be determined and identified the additional funds to be set aside for that.

Geraldine Daly, stated that the Value for Money Conclusion was detailed in the report, and Grant Thornton were satisfied that in all significant respects of the Council, that they had put in place the appropriate arrangements to ensure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

The Audit and Governance Committee noted the report.

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GRANT CERTIFICATION WORK PLAN FOR EXETER CITY COUNCIL

David Bray, provided a Grant Certification Work Plan for the City Council for 2013/14. He outlined the certification arrangements, and provided the detail of two claims and returns certified in respect of the Housing Benefit Subsidy and the Pooling of Housing Capital Receipts return. Details of this were included in an Appendix to the report

Geraldine Daly wished to express her thanks for the contribution made by the Council's finance team.

The Audit and Governance Committee noted the report.

FINAL STATEMENT OF ACCOUNTS 2013/14

The Assistant Director Finance presented the Technical Accounting Manager's report with the Council's final Statement of Accounts for 2013/14, which was a statutory requirement for approval and publication by 30 September 2014. An earlier draft had been circulated with the agenda and was updated at the meeting, to enable the accounts to be signed off by the Chair of the Audit and Governance Committee. The report also included the Annual Governance Statement for 2013/14.

A Member requested further information on the Local Government Pension Scheme and Members were advised that a Members' Briefing would be arranged.

Members wished their appreciation of the effort and hard work by the Assistant Director Finance and his team and Grant Thornton in the production of the Final Accounts to be noted.

RESOLVED that the Audit and Governance Committee approved the Final Statement of Accounts for 2013/14 for the City Council.

MANAGEMENT REPRESENTATION LETTER TO THE EXTERNAL AUDITOR IN RESPECT OF THE 2013/14 STATEMENT OF ACCOUNTS

The Assistant Director Finance submitted the letter to the External Auditor, Grant Thornton in respect of the 2013/14 Statement of Accounts. This was a requirement of the audit and all obligations to produce the necessary standard of accounts had been completed as required by the Code of Practice.

RESOLVED that the Audit and Governance Committee approve the letter and request that it be signed by the Assistant Director Finance and the Chair of the Audit and Governance Committee for forwarding to the External Auditor, Grant Thornton.

INTERNAL AUDIT PROGRESS REPORT

The Audit Manager (HK) presented the progress report on the areas of work carried out by the Internal Audit Team during the period April to June 2014. The report also included the overall progress made against the 2014/15 Audit Plan, including the active monitoring of audit processes and actions. Progress against the Annual Audit Plan was on target and the detail was included in an appendix to the report. All of the recommendations made by Audit were accepted by management. A full copy of the report was available to Members on request.

It was noted that an item would be placed on the agenda for the next meeting to consider the responses and also encourage further responses to the Self Assessment checklist exercise, as part of a measuring the effectiveness and performance of the Audit and Governance Committee. A copy of CIPFA's Self Assessment Checklist – 'Measuring the Effectiveness of the Audit Committee' had previously been circulated to longer standing Members of the Committee.

The Audit and Governance Committee noted the report.

REVIEW OF CORPORATE GOVERNANCE RISK REGISTER

The Deputy Chief Executive presented the report which advised the Committee of the Council's risk management progress, and included an updated Corporate Risk Register as part of the Council's corporate governance arrangements.

The Assistant Director Environment attended the meeting and provided an update on risks relating to land contamination associated with historical landfill sites and updated Members on the discussions with the Environment Agency. The City Council had commissioned external consultants to assess a situation with potential gas migration at one site, and report back on the potential need for mitigation work. The report was due in October and any concerns would be addressed with further investigations commencing in the New Year.

The Deputy Chief Executive responded to a Member's comment on the ongoing discussion with South West Water and an investigation on the degree of liability and advised that every effort would be made to progress this. The Assistant Director Finance also responded to a comment on the score for housing voids repair and as the work had been significant, they would review the score.

The Audit and Governance Committee noted the updated Corporate Risk Register and that fuller consideration of the Risk Register would be made at the next meeting in December.

65 **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC**

RESOLVED that, under section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3, of Part 1 of Schedule 12A of the Act.

66 **REVIEW OF CORPORATE GOVERNANCE RISK REGISTER**

The Deputy Chief Executive presented the report of the Corporate Manager Policy, Communications and Community Engagement which advised the Committee of the changes introduced to the Council's Risk Management policy and procedures. This included an appendix to the report (Appendix A).

The Audit and Governance Committee noted the details contained in Appendix A.

(The meeting commenced at 5.20 pm and closed at 6.50 pm)

Chair