

## AUDIT COMMITTEE

Minutes of the meeting held on 16 October 2018 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Reay (Vice Chairman)

Cllrs. Ball, Clack, Layland, McArthur, Purves, Reay and Williamson

An apology for absence was received from Cllr. Searles

Cllr. Scholey was also present.

### 14. Minutes

Resolved: That the minutes of the meeting of the Audit Committee held on the 19 July 2018 be agreed and signed as a correct record.

### 15. Declarations of Interest

No additional declarations of interest were made.

### 16. Actions from Previous Meeting

The actions were noted.

### 17. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations

There were none.

### 18. Affordable Housing Company - Risk Assessment

The Chief Officer for Communities and Business presented a report updating Members on the Risk Assessment for the recently incorporated Affordable Housing Company Quercus Housing.

In response to questions, Members were advised that time sheets would be used to calculate Officer time dedicated to Quercus Housing, and Quercus Housing and Quercus 7 meetings would be scheduled together to minimise time and costs. The Company's Risk Assessment was to be reviewed monthly at Company board meetings. Members were advised on the model projects considered by Quercus Housing and current potential developments. A range of sizes of developments would be considered however the advantages of larger developments were noted. Yearly business plans would be submitted to the Guarantor Board setting out the

## Audit Committee - 16 October 2018

plans for the next year. These would cover types of investment and consideration of future arrangements to replace end of life property. All sites would be assessed for suitability for mixed market rate and affordable housing development or affordable housing only. Housing Associations were also having to consider mixed sites due to the cost of development and reduction in rental income. Although the external consultant instructed Quercus Housing that it would be possible to use S106 money to fund the company's administration costs, Members were advised that this was not a preferable option.

*Action 1: The Head of Legal and Democratic Services to provide clarification on the objectives of the Affordable Housing Company.*

The Portfolio Holder for Finance, who was in attendance, informed Members on how S106 funds were currently allocated and how the development of an Affordable Housing Company would ensure money raised would be spent within the District. Questions were asked in relation to the planning process.

Resolved: That the Affordable Housing Company Risk Assessment be noted.

### 19. Members' Allowance Scheme Monitoring

The Head of Legal and Democratic Services presented a report which outlined Members' allowances claimed during 2017/18. The Committee monitored the implementation of the Members' Allowance Scheme, as required by its terms of reference.

Members were advised that the recommendations for changing the Members Allowance Scheme as received by the Joint Independent Remuneration Panel would take effect from May 2019.

Resolved: That the report be noted.

### 20. Internal Audit Progress Report

The Chairman welcomed Russell Heppleston, the new Interim Audit Manager. The Interim Audit Manager presented a report which set out the progress made by the Internal Audit Team in completing the 2018/19 Internal Audit Plan. The report also provided a broader update on the service following his appointment in August 2018 including the consolidation of the Internal Audit Progress Report and the Report on Internal Audit Recommendations Outstanding.

It was noted that completion of the 2018/19 Audit Plan was on schedule. The Interim Audit Manager advised that the summary of issues would include those noted prior to the July 2018 meeting as they were not reported in full due to the Annual Report being considered at that meeting. Members considered the Audit work completed and were advised that the restructuring of reports presented to the Audit Committee aimed to provide full reports with details on each of the summaries. The rating systems for risk recommendations was explained, with limited level assurance indicating areas of risk.

## Audit Committee - 16 October 2018

*Action 2: That the Interim Audit Manager include more details relating to the specific risks and recommendations arising from limited assurance assessments.*

The Interim Audit Manager advised Members that updates to the Audit Service were scheduled and he was aiming to implement actions to address the outstanding issues, recommendations from the External Quality Assessment, recognise best practise, and provide options for the future of the shared service. It was noted that two vacancies were being held within the service until the future direction of the Audit Service had been agreed.

Members were advised that in relation to vehicle procurement the Council had its own fleet and fleet management system based at Dunbrik Depot. The Interim Audit Manager highlighted the similarities and differences of the Audit Service at different Local Authorities and advised that the Audit Plan had been based around the two vacancies in the team. It was noted that the two high priority recommendations in the Audit reports were related to updating Financial Procedure Rules and the implementation of Prisma software in the Print Studio.

Resolved: That the contents of the report and the progress made by the Internal Audit Team in delivering the 2018/19 Annual Internal Audit Plan, be noted.

### 21. Strategic Risk Update

The Interim Audit Manager introduced the report which gave Members the opportunity to review the Council's Strategic Risk Register. The Register had been developed by Officers, taking into consideration the views of the Officers' Risk Management Group, Service Managers and Chief Officers. It set out the risks currently facing the Council and information on how those risks were being managed. Members were advised that this report consolidated the former Risk Management Report and Strategic Risk Register.

Members were updated on key changes since the last Risk Management Report in September 2017 including removed, added and emerging risks. Emerging risks included Customer Redesign, Safeguarding and The Local Plan. No outliers were identified through the Risk Management process.

In response to questions, the Committee was advised that the IT Manager was a member of the Risk Management Group, which was considering IT and Data Security. The Committee discussed the risks associated with The Local Plan. Members discussed the possibility of getting the New Affordable Housing Company, Quercus Housing on the Risk Register.

Resolved: That

- a) the Strategic Risk Management process be noted; and
- b) the Strategic Risk Register be agreed.

## Audit Committee - 16 October 2018

### 22. Member Development Proposal

The Interim Audit Manager presented the report on Member Development as requested by the Committee. It was noted that the Committee has been running effectively thus far and the report outlined proposed Member training opportunities based on the Committee's Terms of Reference and previous training received by Members. The ten training themes and three different delivery options were considered by Members.

Resolved: That

- a) the programme for Member Development be approved; and
- b) the Chairman decide which briefing sessions would be delivered over the remaining 2018/19 work plan.

### 23. Workplan

The work plan was noted. The Committee agreed to adopt the combined report format used in this meeting going forward. Members requested a training session to coincide with the 8 January 2019 meeting.

THE MEETING WAS CONCLUDED AT 8.52 PM

CHAIRMAN