

AUDIT SCRUTINY COMMITTEE

THURSDAY, 14 DECEMBER 2017

Present:

Councillors Clarence (Chairman), Hockin (Vice-Chairman), Dewhirst and Thorne

Apologies:

Councillors Golder, Haines, Jones

Also in Attendance

Sue Aggett – Business Lead

Steve Johnson – Grant Thornton

Martin Flitcroft – Acting Chief Finance Officer

Sue Heath – Audit Manager

Liz Gingell – Corporate Performance Officer (part)

Paul Nicolls – Food and Safety Manager (part)

Donna Best – Estates Manager (part)

Aaron McCluskey – Estates (part)

245. MINUTES OF PREVIOUS MEETING

The minutes of the Audit Scrutiny Committee held on 12 September 2017 were confirmed as a correct record and signed by the Chairman.

246. GRANT THORNTON PROGRESS UPDATE REPORT

Members noted the report which provided a summary of the work in progress within Teignbridge and detail of events and national reports.

247. GRANT THORNTON 2016/17 ANNUAL AUDIT LETTER

Grant Thornton's Audit Manager drew attention to Grant Thornton's Audit Fee letter and the 2017/18 Annual Audit letter.

The Annual Audit letter summarised the key findings arising from work carried out for the Council year end 31 March 2017.

An unqualified opinion on the Council's Financial Statement on the 27 September 2017 had been given.

The Auditor was satisfied the Council had put in place proper arrangements to ensure economy efficiency and effectiveness in its use of resources during the year end 31 March 2017.

An unqualified assurance statement was provided on the 27 September 2017 and that the accounts have been audited in accordance with requirements of the National Audit Office Code of Audit Practice on the 27 September 2017.

Additional work was being undertaken to certify the Council's housing benefits subsidy claim on behalf of the Department of Work & Pensions and a further report would be submitted to the Audit Committee.

248. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a progress report on internal audit completed for the current quarter. It questioned the progress with the delivery of recommendations regarding car park permits and asked that that date be provided on delivery of the recommendations. The Council's Audit Manager undertook to do this.

249. TREASURY MANAGEMENT LENDING LIST AND MID YEAR REVIEW

The Committee noted the Treasury Management Lending List and Mid-Year Review as submitted by the Council's Acting Chief Finance Officer. The report was approved by the Executive in December and was submitted for information and comment by the committee. The Committee noted the report and despite a squeeze on the interest rates available the Council's performance still exceeded the average LIBID

250. CORPORATE & STRATEGIC RISK MANAGEMENT

A report was considered regarding overview of the Council's Corporate and Strategic Risk Management arrangements.

The Committee noted the work to date and mitigations in place.

A report was requested for the next meeting on a risk analysis for the roll out of the Anywhere 365 Telephony platform.

The actions and progress with the Corporate Risks and Strategic Risks were noted.

251. FINANCIAL INSTRUCTIONS AMENDMENTS

The Council's Audit Manager presented a paper with proposed changes to the financial instructions.

Resolved

That the following changes be recommended to Council for approval:

Changes are proposed as follows in *underlined italic* text:

Capital Budgets

Virement forms will be required in the following circumstances to cover virements between expenditure heads within the capital programme, and to cover further use of capital receipts and external funding, grants and contributions:

- (v) Where the sum involved is up to £20,000, the appropriate responsible budget holder may approve the virement in consultation with the appropriate accountant. No form is required;
- (vi) Between £20,001 and £50,000, the appropriate Business Lead or their nominated deputy shall complete and sign a virement form in consultation with the appropriate accountant; which is to be authorised by the Chief Finance Officer or nominated deputy; *the Portfolio Holder is to be consulted.*
- (vii) Where the sum involved is between £50,001 and ~~£250,000~~ £125,000 (and is not a Key Decision), the appropriate Business Lead and the Chief Finance Officer or their nominated deputies shall sign a virement form in consultation with the appropriate accountant. This must then be authorised by two Business Leads and agreed by the Portfolio Holder as a Portfolio Holder decision. ~~submitted to the Executive for approval, or as a Portfolio Holder decision for non key decisions (£125,000 or less) and satisfying the other non key decision requirements;~~
- (viii) Where the sum involved is between £125,001 and £250,000, two Business Leads and the Chief Finance Officer or their nominated deputies shall sign a virement form in consultation with the appropriate accountant. This must then be submitted to the Executive for approval.
- (ix) Where the amount exceeds £250,000 per individual virement ~~the appropriate~~ all Business Leads, and the Chief Finance Officer, ~~and all Business Leads~~ shall sign a virement form in consultation with the appropriate accountant and submit it to full Council for approval.

General Fund (Revenue) Budgets

Currently revenue virement limits are as follows:

- up to £20,000 can be approved by officers,
- from £20,001 to £40,000 by Business Manager and Chief Finance Officer

- from £40,001 to £100,000 by the above and approved by Executive or as a Portfolio Holder Decision
- Greater than £100,000 by full Council

It is proposed to increase the £40,000 threshold to £50,000.

General

6.1.16 Any such virements must not commit the Council to expenditure over more than the one financial year (revenue), and relate only to the intended project (capital).

6.1.17 In addition, the Chief Finance Officer or nominated deputy shall have the discretion whether or not to report any virement to the Executive Committee.

6.1.18 Responsible Officers are responsible for initiating the virement procedure if an overspend is likely to occur within the departmental budget. A virement request form is to be completed where approval is required.

6.1.19 Where any revenue or capital projects have initially already been submitted to, and agreed by, the *Capital Review Group*, Corporate Leadership team, ~~and~~ Executive Committee, and Council (if applicable), a retrospective virement request form will not be required if the funding arrangements have already been agreed by the Chief Finance Officer. ~~in conjunction with the Finance Department.~~

6.1.20 Fully funded schemes (e.g. Section 106 or external funding), up to £125,000, which are in accordance with an existing agreement or approved strategy, can be initiated by the Chief Finance Officer in consultation with the appropriate Business Lead, and reported in the members' newsletter for information.

Reason:

Capital: This revision does not change the overall financial limits, but aims to give clarity of process and align them to the Key Decision financial value of £125,000 up to which a decision can be dealt with by Portfolio Holder procedure, as opposed to full Council.

Revenue: This is a minor change to bring the lower level revenue virement limit in line with the Key Decision threshold of £50,000, and to align it with the capital limit

at that level, to avoid confusion. It also helps reflect inflationary increases and spending power. It is only on virement between budgets so doesn't alter any use of reserves which stays at above £30k for Executive approval.

Sections 6.7 and 6.8: Asset Management and Disposal

Section 6 of the Financial Instructions deals with Asset Management including the acquisition and disposal of land and buildings.

Acquisition

6.7.1 The acquisition of any land and buildings requires the approval of the Executive and shall be made within the context of the Council's Asset Management Plan and ~~Community Asset Transfer Policy~~, subject to the provisions of the Council's Constitution with regard to key decisions and 6.7.2 below.

6.7.2 Minor acquisitions up to £50,000 in value may be approved by the Business Manager – Economy and Assets, in consultation with the Portfolio Holder, the Head of Paid Service, the Business Lead, and Chief Finance Officer. The Business Manager – Economy and Assets and Chief Finance Officer will sign the Decision Notice for the acquisition to evidence their agreement.

6.7.3 All purchases or the leasing of land, buildings, vehicles or items of plant or equipment shall be within the budget provision and the Chief Finance Officer must be consulted on the method of financing.

6.7.4 All purchases or the leasing of land, buildings, vehicles or items of plant and equipment shall be on the best financial terms that can be obtained for the Council. The purchasing or leasing arrangements in respect of vehicles or items of plant and equipment are to be in accordance with the purchasing arrangements laid down elsewhere in these Instructions and the Contract Procedure Rules.

Disposal of Land and Buildings

6.8.1 The decision to agree to the disposal of assets with a value **up to £10,000** may be made by the Business Manager – Economy and Assets.

6.8.2 For those with a value above £10,000 and up to £50,000 the Business Manager – Economy and Assets must consult with the Portfolio Holder, Head of Paid Service, Business Lead, and Chief Financial Officer. The Business Manager – Economy and Assets and Chief Finance Officer will sign the Decision Notice for the disposal to evidence their agreement. Above £50,000 requires the agreement of the Portfolio Holder in accordance with the rules for Portfolio Holder decisions. ~~the agreement of the Portfolio Holder is required,~~ These Instructions are subject to the provisions of the Council's Constitution with regard to key decisions, as well as having regard to the Council's Asset Management Plan and ~~Community Asset Transfer Policy.~~ Decisions will be reported retrospectively to the next Executive committee.

6.8.3 The decision to agree to the disposal **by Lease**, where the period of the lease does not exceed **10 years**, may be made by the Business Manager – Economy and Assets, having regard to the requirements of the Asset Management Plan and ~~Community Asset Transfer Policy~~, and where it does not prejudice existing land holdings or future development proposals.

6.8.4 Lease decisions which commit the Council to periods in excess of 10 years must be approved by the Executive.

Reason:

To enable a quicker decision process for minor transactions up to £50,000 where there may be a need to act rapidly on identified opportunities.

To facilitate Market Walk lease management in a timely manner.

Other minor and cosmetic changes to be made by the Audit Manager:

To include:

- Updating of job titles and departmental structures
- Income section to be amended to reflect the Council's move to cashless
- Remove references to the corporate petty cash facility and other cash floats

Reflect minor changes to processes generated by new systems such as electronic ordering, forthcoming self-serve payroll services under the

Midland iTrent system and changes to BACS through the new Smarter Pay software.

252. FINANCIAL INSTRUCTIONS AND CONTRACT PROCEDURE RULE WAIVERS

Details of the waivers approved since the last meeting were received and noted.

253. EMPLOYEE PROTECTION REGISTER

Paul Nicholls, the Council's officer responsible for Corporate Health & Safety attended and gave members a presentation on the Employee Protection Register. The register was incident driven and a series of considerations were taken to assess inclusion of someone on the Employee Protection Register, the warning markings which would be attached to individuals on the register, justification for the decision to include someone on the register and the review mechanism to ensure that the information was kept up-to-date and current.

The Employee Protection Register also linked to a First Response system in the offices.

Members thanked Paul Nicholls for his excellent and informative presentation and supported the measures in place.

254. FORDE HOUSE UPDATE

Aaron McCluskey and Donna Best from the Property Department attended and updated Members on progress with the office changes and renovations. The contract was due to finish on the 22 December and included a new reception area and the relocation of around 240 staff. New reception arrangements would be introduced and the opportunity have been taken to upgrade fire doors to the main corridors. A new door exit/entry system would also be introduced. The contract had been concluded on budget and the DWP would be moving in to building on the 22 January 2018.

255. WORK PROGRAMME:

Members added an update on integration of DWP and car parking at the Council Offices to their work programme.

Cllr Chris Clarence
Chairman