

MINUTES of a meeting of the **AUDIT COMMITTEE** held on 13 December 2018 at County Hall, Matlock

PRESENT

Councillor K S Athwal (in the Chair)

Councillors N Barker, L M Chilton, A Griffiths and P Murray.

Officers in attendance – J Berry, P Handford, C Hardman, S Morris and J Pressley (representing Mazars).

Apologies for absence were submitted on behalf of Councillor S Brittain and M Surridge (Mazars).

44/18 **MINUTES RESOLVED** that the minutes of the meeting held on 26 September 2018 be confirmed as a correct record and signed by the Chairman.

45/18 **ASSET VALUATION** At the Audit Committee on 26th September, members were provided with an update on the progress of the delivery of the Asset Valuations by the Asset Valuation Team based in Property.

Sarah Morris, Property Division, attended the meeting and reminded members that at the time of the last presentation, Property had recently recruited additional staff to deliver the Asset valuation process. This team had now been in place for 6 months, and the work for the delivery of the 2018/19 asset valuations was being progressed according to the plan and dates agreed in the Terms of Engagement between Property and the Finance & ICT Division.

At the last meeting the context of the Asset Valuation Team within the Council, and the reliance on and inter-dependencies with other staff, both within Property and in other departments of the Council was explained.

There were 5 key actions that were presented at the last meeting which, when delivered, ensure a robust delivery of the Asset Valuation process. An update on these 5 areas was given below:

1. Embed Awareness:

The new Senior Valuer, Christina Davies, had met with all key stakeholders in the Asset Valuation process and established Service Level Agreements for the supply of data, and the requirements of that

data. These outputs from different areas of the Council impact on the integrity of the data, and all parties were now fully aware of, and more importantly, were in agreement with the requirements and deadlines.

2. Improved Internal Communication:

Monthly progress meetings continued to be held between the Property Asset Valuation Team and the Capital Accountancy Team, who received the completed valuations for input into the accounts. The Asset Valuation Team was now working in a very positive manner to ensure that the Valuations were delivered in line with expectations. Open and transparent discussion and debate take place where particular issues arise in relation to specific valuations, and this positive relationship was now ensuring a collaborative approach to the delivery of the Valuations.

3. Evidence Based Checking Processes throughout:

Following the appointment of the Senior Valuer and her team, a manual had been produced (please see below) and the various peer review and checking processes and procedures now in place were documented within. These processes were now very rigorous, with the purpose of ensuring that the data presented to the Capital Accountancy Team was correct and ready for loading into the Council's accounting database.

4. Production of Asset Valuation Manual:

Version 1 of the Asset Valuation Manual was in circulation and with the Capital Accountancy Team and also Internal Audit. This incorporated all the feedback and comments that have been received by stakeholders to date. Internal Audit would be responsible for sharing this document with our external auditors. Two issues should be noted in this respect.

Firstly this was a "living document". Changes, as and when identified, would be contained in an addendum document and would then be formally incorporated as a new version of the Asset Valuation Manual at the end of the audit cycle. Such issues, which may include evolving practice and procedures, new recommendations and improved processes, would be discussed and agreed at the Finance and Asset Valuation Meeting and minuted accordingly. To assist in the process staff of the Asset Valuation Team and the Capital Accountancy Team attend regular CIPFA presentations where case studies are reviewed, and guidelines on improved practices discussed. This facilitates jointly agreed improvements which would be documented and included in the Manual.

Secondly, Internal Audit had indicated that they would undertake an audit of processes, using the Manual to check the systems and verification procedures that are in place.

5. Earlier Start Date for Valuations:

At the last Asset Valuation meeting, it was agreed that a list of those assets not valued within the last 5 years, and therefore probable for inclusion in the following year's valuation list (commonly called the 20% list), would be provided early in January. This will significantly improve the time available for Property staff to undertake the preparation of the data required in the valuation process, enabling re-measures of land and property to be carried out. In turn this should enable the earlier preparation of the data packs required for the Valuers to inspect and undertake valuations of the assets. Whilst this will not be the final 20% list it will improve the speed with which the Valuers can be provided with up-to-date data packs in relation to assets on the 20% list once issued.

Members were given the opportunity to ask questions and also made a number of comments and observations which were duly noted or answered by the Assistant Director of Property Services.

RESOLVED to note the update report on the valuation of assets.

46/18 ANTI MONEY LAUNDERING POLICY Members were advised of the latest review and update of the Council's Anti-Money Laundering Policy.

The consequence of any public authority or its employees becoming involved in money laundering, without policies and procedures in place to help prevent it, may be very serious. It may result in criminal prosecutions if organisations and individuals were not fulfilling their duty under the law. It would reflect poorly not only on the Council but potentially on the public sector as a whole.

It was, therefore, prudent and responsible practice for the Council to put in place and to keep up to date a policy, which included appropriate and proportionate anti-money laundering safeguards and reporting arrangements. Such arrangements were designed to detect and avoid involvement in the crimes described in the legislation and regulations.

The requirement to ensure that appropriate arrangements were in place was contained within the Council's Financial Regulations.

The Council's Anti-Money Laundering Policy (the "Policy") was most recently presented to the Audit Committee at its meeting on 22 November 2017, following a review of the Policy in July 2017, when a number of updates were made, which were detailed in the report.

Following a further review of the Policy in November 2018, the following changes have been made:

- One of the nominated deputy Money Laundering Reporting Officer posts has changed, after the departure of the previous holder, the Finance Manager (Accountancy). The replacement nominated deputy Money Laundering Reporting Officer is the holder of the post of Finance Manager (Financial Management & Exchequer).
- The other nominated deputy Money Laundering Reporting Officer post of Head of Investments has changed to Head of Pension Fund, as the existing deputy Money Laundering Reporting Officer has moved to this new post.

The Policy, which took account of the Council's exposure to money laundering, along with guidance notes and supporting documentation, was attached in the Appendix to this report.

RESOLVED to notes the review and update of the Anti-Money Laundering Policy.

47/18 REVISED FINANCIAL REGULATIONS AND STANDING ORDERS IN RELATION TO CONTRACTS The Committee was asked to consider the proposed amendments to the Council's Financial Regulations and Standing Orders relating to Contracts and commend approval of these amendments to Cabinet and Council.

A detailed revision of the Council's Financial Regulations took place in 2014, with a further review during the latter part of 2017.

It was recognised that the changes previously made were working well, however, it was felt appropriate to revisit and review them, particularly in light of the establishment of the 'Enterprising Council' approach. Whilst maintaining sound arrangements for internal control, the emphasis had been to examine the areas where routine decisions could be delegated to officers to reduce the number of reports taken to Cabinet and Cabinet portfolio member meetings, and also to address the need for Departments to be able to be more responsive when making financial and procurement decisions.

Due to the close alignment between the Council's Financial Regulations and the legal and governance requirements concerning the creation and letting of contracts, it was considered appropriate to review the Standing Orders relating to Contracts at the same time. Consequently the Standing Orders relating to Contracts had been redrafted and developed to include a General section, a Competition section and a Contracts section.

These changes would be underpinned by revised schemes of Departmental financial delegations which would set out the requirements

required to ensure compliance with the revised Financial Regulations and Standing Orders relating to Contracts.

The revised Financial Regulations and Standing Orders relating to Contracts were appended to the Director of Finance & ICT's report with a summary of the key areas recommended for change in relation to procurement; write off of redundant stock/stores; and write off of bad debt.

RESOLVED to commend the approval of the proposed amendments to the Financial Regulations and Standing Orders relating to Contracts to Cabinet and Council.

48/18 AUDIT SERVICES UNIT – PROGRESS AGAINST AUDIT PLAN 2018-19 Members were informed of progress against the approved Audit Plan for 2018-19 as at 31 October 2018.

At the meeting of this Committee held on 28 March 2018 Members approved the Audit Plan for 2018-19 which had been formulated from our risk assessment drawn from a wide range of sources including the Council Plan, the Council's strategic risk register, Departmental risk registers, service plans and meetings with Strategic Directors and the Director of Finance & ICT.

In accordance with the Audit Committee's Terms of Reference this report updates Members on progress against the Plan for the five months to 31 October 2018 and represented work undertaken during that period which was detailed in Appendix 1 to the report. An analysis of the priority criteria for Audit recommendations and assurance levels was provided in Appendix 2.

Specific reference was made to the current staffing situation and a number of operational matters.

RESOLVED to note the information on progress to date against the approved Audit Plan.

49/18 EXTERNAL AUDITOR REPORTS There was nothing to report on this occasion.