

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on Tuesday 24 June 2014 at 6.00pm

Present

Councillors: R Evans (Chairman), M D Binks, F J Rosamond and J D Squire

Apology

Councillor: R M Deed

Also Present

Councillor: N V Davey

Also Present

Officers: A Jarrett (Head of Finance) and S J Lees (Member Services Officer)

In attendance: G Daly (Grant Thornton)

19. PUBLIC QUESTION TIME

There were no members of the public present.

20. MINUTES OF THE PREVIOUS MEETING

The Minutes of the Meeting held on 18 June 2014 were approved as a correct record and **SIGNED** by the Chairman.

21. CHAIRMAN'S ANNOUNCEMENTS

The Chairman had no announcements to make.

22. ANNUAL GOVERNANCE STATEMENT (Recording 2 minutes and 28 seconds)

The Committee had before it a report * from the Head of Communities and Governance presenting it with the Annual Governance Statement (AGS) and accompanying action plan for 2013/14.

A thorough analysis had been made by the Committee at a special meeting on 18 June 2014 regarding the sources of assurance and changes of the document since the preceding year. It was pointed out that there was no mention in the AGS of the Council having adopted the Strong Leader Model and that this ought to be corrected.

The Committee wished to put on record their thanks to the officers responsible for compiling such a detailed and lengthy document.

RESOLVED that:

- a) The Annual Governance Statement is approved subject

to the addition of a paragraph relating to the Council having adopted the Strong Leader Model; and

- b) The Leader of the Council and the Chief Executive sign the Statement as per the statutory guidance.

(Proposed by the Chairman)

Note: * Report previously circulated; copy attached to the signed Minutes.

23. DRAFT ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2014 (Recording 6 minutes and 25 seconds)

The Committee had before it a report * from the Head of Finance (HOF) presenting the draft Annual Report and Accounts for the financial year 2013/14.

The following issues and key messages were brought to the Committees attention:

- The Finance team had attended close down training during the previous 12 months and were technically 'up to speed';
- Budget monitoring throughout the year had been very accurate and the end of year position had been as predicted with strong balances on the Housing Revenue Account (HRA) and General Fund;
- During the year capital expenditure had amounted to £5,767k with the largest items relating to improvements and additions to the Council's existing housing stock;
- Valuations on property had increased by 6%;
- The Council Tax collection rate for 2013/14 had been 97.6%;
- The Business Rates collection rate achieved in the year was 98.4% which was slightly up on last year;
- The Council had now received back dividends of 96% in relation to the Heritable Bank investment;
- More accurate depreciation calculations on the HRA were now being used;
- There was no statutorily prescribed figure that Council's needed to abide by in terms of reserve level's; each Council's risk profile was different. The Head of Finance had advised that 25% of operational spend should be retained as a sensible and prudent reserve figure;
- Two heritage assets had been donated to Crediton and Tiverton Town Councils' respectively;
- The HOF explained that the annual deficit of £163k shown on the Movement in Reserves Statement needed to take account of the £223k placed into a vehicle replacement reserve during 2013/14. Once this transaction was accounted for, the in-year surplus on the General Fund was very close to the sum reported in the May outturn report (that is, a surplus of £42k);
- A 30 year maintenance programme was in place within the HRA totalling £4,252 as at the end of the year;
There had been a slight decrease in the Pensions Reserves deficit but it still showed a substantial shortfall;

- A Devon Wide Pool for Business rates was in existence which Mid Devon was a part of. The HOF felt that being a member of this pool mitigated a lot of risk and the benefits of remaining within it outweighed 'going it alone'.

Discussion took place regarding the 'Right to Buy' scheme and the fact that when tenants bought Council properties the Council still had to repay loan interest to the Public Works Loan Board.

The HOF concluded by stating that the financial future would prove more of a challenge and the Council would need to think more commercially and consider schemes such as 'Invest to Save'.

The Committee thanked the Head of Finance for his thorough explanation of the accounts and asked that the Committee's thanks be conveyed to the Finance team.

RESOLVED that the draft annual report and accounts for 2013/14 be approved.

(Proposed by the Chairman)

Notes: * Report previously circulated; copy attached to the signed Minutes.

24. **GRANT THORNTON 2014/15 AUDIT FEE LETTER (Recording 1 hour, 24 minutes and 42 seconds)**

The Committee had before it, and **NOTED**, a letter from the External Auditors setting out its proposed work programme and scale of fees for 2014/15. The fee of £62,700 had been set down by the Audit Commission. The stated fee in relation to Grant Certification work was indicative only at this stage since it would depend on the amount of work which needed to be done. The External Auditor present was confident that all the predicted timescales would be met.

Note: * Fee Letter previously circulated; copy attached to the signed Minutes.

25. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING: 23 SEPTEMBER 2014 (Recording 1 hour, 28 minutes and 37 seconds)**

There were no additional items identified for the next meeting other than those already in the work programme.

(The meeting ended at 7.30pm)

CHAIRMAN