

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on Tuesday 23 September 2014 at 6.00pm

Present

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

Apology

Councillor: J D Squire

Also Present

Councillors: N V Davey and Mrs J Roach

Also Present

Officers: A Tregellas (Head of Communities and Governance and Monitoring Officer), A Jarrett (Head of Finance), C Yandle (Internal Audit Team Leader) and S J Lees (Member Services Officer)

In attendance: G Daly and S Johnson (Grant Thornton)

33 PUBLIC QUESTION TIME

There were no members of the public present.

34 MINUTES OF THE PREVIOUS MEETING

The Minutes of the Special Meeting held on 9 July 2014 were approved as a correct record and **SIGNED** by the Chairman.

35 CHAIRMAN'S ANNOUNCEMENTS (Recording 2 minutes and 30 seconds)

The Chairman informed the Committee that he and Cllr R M Deed had attended a workshop with Grant Thornton which had been designed to inform Members of Audit Committees about their roles and responsibilities. He stated that whilst it had been useful to some extent, the content could have been more in depth. During the workshop discussion had taken place regarding the use of coloured graphs in financial reports as opposed to black and white.

It was **AGREED** that Members of Mid Devon District Council's Audit Committee should receive colour copies of any graphically presented information within reports.

36 ANNUAL REPORT AND ACCOUNTS 2013/14 (Recording 4 minutes and 59 seconds)

The Committee had before it a report * from the Head of Finance outlining the changes made to the accounts subsequent to the draft set being presented to it at its meeting on 24 June 2014. The changes had been

related to presentational issues, were not material in any way and had not affected the reserves or cash balances.

Discussion took place regarding:

- The Pension Fund liability included in the Accounts being the responsibility of Mid Devon District Council, not the County Council;
- Confirmation from both the Head of Finance and the external auditors that Mid Devon District Council was a 'going concern'. The external auditors had particularly built consideration of this into their testing;
- The figures shown in relation to the remuneration of senior officers not only included the 1% pay rise but also increments where they were due;
- Parish precepts were not currently subject to 'capping' as District Council funding was.

The Chairman formally requested that the hard work undertaken by the Head of Finance and his team in producing a set of unqualified accounts be recognised. Following consideration of the Grant Thornton report it was:

RESOLVED that:

- a) The Annual Report and Accounts for 2013/14 be approved, and:
- b) That the letter of representation be approved and signed by the Head of Finance and the Chairman of the Audit Committee.

Note: Subject to the closing of the public consultation period on 29 September 2014.

(Proposed by the Chairman)

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

37 **ANNUAL GOVERNANCE STATEMENT (AGS) (Recording 22 minutes and 10 seconds)**

The Committee had before it a report * from the Head of Communities and Governance presenting it with the finalised Annual Governance Statement and accompanying action plan for 2013/14. There being no discussion and following consideration of the Grant Thornton report, it was:

RESOLVED that the Annual Governance Statement be approved and that 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.

38 **GRANT THORNTON'S DRAFT AUDIT FINDING REPORT FOR 2013/14
(Recording 23 minutes and 30 seconds)**

The Committee had before it, and **NOTED**, a report * from the Council's external auditors highlighting the key matters arising from their audit of Mid Devon District Council's financial statements for the year ended 31 March 2014. The Committee was informed that they had largely completed the outstanding actions listed in the introduction to the report and that they would be issuing an unqualified opinion on the financial statements and the Council's arrangements to secure value for money. They had identified a number of adjustments needed to improve the presentation of the financial statements but these had not affected any of the closing balances. There were no issues they needed to bring to the Committee's attention in relation to their findings against significant risks. All accounting policies, estimates and judgements had been given green lights which meant that they were appropriate and the disclosures were sufficient.

Their testing had also included consideration of how financially resilient the Council's finances were as well as looking at the budget setting process. They had concluded that the Council's arrangements were very robust although they acknowledged that there would be significant challenges ahead.

The Committee were informed that the external auditors had been obliged to charge an additional fee of £900 to cover the cost of some additional work required on business rates. This had resulted in a total fee of £73,074. They also informed the Committee that they were dealing with a possible challenge to the accounts but felt that this was unlikely to have an impact on their opinion.

Cllr Mrs Roach stated that she had not received a response from the external auditors regarding a request she had made to them to investigate a decision the Council had taken regarding a car parking charge matter. She had asked them to look at this since they were an independent body. The external auditors stated that they had sent Cllr Mrs Roach a 'Knowing your Rights' document and stated that they needed to receive a formal complaint or request in writing, an email would not suffice. The Chairman asked whether this issue would affect the Committee's ability to sign off the accounts. It was confirmed that it did not. Cllr Mrs Roach stated that her complaint related to a governance issue only and that she did not want to delay authorisation of the accounts.

It was **NOTED** that there was a formal process to follow and that the external auditors would liaise with Cllr Mrs Roach outside of the meeting in order to take her complaint forward.

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

39 **RISK AND OPPORTUNITY MANAGEMENT STRATEGY (Recording 46 minutes and 58 seconds)**

The Committee had before it a report * from the Head of Communities and Governance presenting it with the Risk and Opportunity Management Strategy for approval. This had required some updating since a Scrutiny Working Group had looked into Performance Management and risk reporting.

Discussion took place regarding whether it was best practice to include consideration of a Council's 'Opportunities' when drawing up a 'Risk Management' Strategy. The document would also be something officers would need to adhere to in their day to day work and the management of risks and opportunities needed to be embedded within the culture of the Council.

It was **NOTED** that the Scrutiny Performance Management Working Group report at appendix B needed some amendment to recommendation number four. The word 'consider' needed to be deleted and the words 'public consultation' needed to be inserted. This had been agreed by the Scrutiny Committee on 15 September 2014.

RESOLVED that the Risk and Opportunity Management Strategy be approved.

(Proposed by the Chairman)

Notes: (i) * Report previously circulated; copy attached to the signed Minutes;

(ii) Cllr M D Binks requested that his abstention from voting be recorded.

40 **PERFORMANCE AND RISK (Recording 59 minutes and 20 seconds)**

The Committee had before it, and **NOTED**, a report * from the Head of Communities and Governance updating it on performance against the Corporate Plan and local service targets for 2014/15 as well as providing an update on any key business risks.

Discussion took place under each of the Cabinet Portfolio areas:

Environment

Missed collections – the Committee felt that the real figures relating to the number of missed collections were far higher than those shown within the report and questioned how a strategy could be developed in a particular area based upon inaccurate data. Concern was expressed regarding why when a Member reports a missed collection it wasn't recorded. It was explained that the software system currently only recorded the one person reporting missed collections within their street even if the street contained 30 properties. Members questioned whether the Route Optimisation software could be used to provide more accurate data. The Head of Finance stated that sometimes missed collections were due to a road block or a road closure which was not the fault of the District Council.

Confidence was needed in the figures going forwards and it was therefore **AGREED** that the Head of Finance bring a report to the next meeting showing accurate figures in relation to the number of missed collections, including data from the waste vehicles themselves, the exact number of late collections, the number of double journeys and all associated costs.

Decent and Affordable Homes

Gas safety inspections – these were conducted every year but were started at 11 months rather than 12 so that there was a month's grace should there be any problems accessing a particular property.

Community Well Being

Leisure Centres – Members requested that in future the data relating to operational expenditure recovered through customer receipts be split into the three Leisure Centres rather than being presented with data for the service as a whole.

Planning – the percentages shown for targets and achievements in relation to service standards were felt to be very confusing and in some cases meaningless. The Head of Communities and Governance agreed to inform the Head of Planning of the comments made by the Committee at this meeting.

Working Environment and Support Services

Working days lost due to sickness – the Committee were informed that as soon as the new HR system had been fully implemented future reporting in this area would be split between short and long term sick. The Chairman requested that this change take place at the earliest opportunity (and certainly by the next Audit Committee) as Members had repeatedly asked for this to happen.

Risk Report

Asbestos – The Head of Communities and Governance informed the Committee that at the request of the Health and Safety Committee the current low likelihood score of the 'Current Risk Likelihood' for asbestos would be raised.

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

41 **INTERNAL AUDIT PROGRESS REPORT (Recording 1 hour, 39 minutes and 2 seconds)**

The Committee had before it, and **NOTED**, a report from the Audit Team Leader updating it on the work performed by Internal Audit for the 2014/15 financial year.

Discussion centred around the appendices and the number of milestones missed in particular service areas. The Chairman stated that as a Committee they had been repeatedly presented with similar reports and that this was

unacceptable and could not carry on. There could be potential financial implications to the Council if issues were not addressed. The Committee had a responsibility to express its concern and to bring the matter to the Head of Paid Service's attention.

RESOLVED that the Chief Executive be requested to attend the next meeting of the Audit Committee to listen to the concerns of the Committee regarding missed milestones and to provide an explanation as to how improvements could be made for the future.

(Proposed by Cllr M D Binks and seconded by Cllr R M Deed)

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

42 **INTERNAL AUDIT REPORTS (Recording 1 hour, 52 minutes and 40 seconds)**

The Committee had received a number of internal audit reports since the last meeting which included Gazetteer Management, Leasing and Asset Management, Economic Development and Data Protection.

Discussion took place in relation to:

Leasing and Asset Management

Refunds of overpayments of rent should be made as soon as possible.

Economic Development

It was confirmed that procedures had been written and were in the process of being handed over to Estates which was the department who would now assume responsibility for the Council's commercial properties.

A new post had been created entitled 'Economic Development Officer' and the person recently appointed to it had qualifications in providing business advice.

Data Protection

Strong concern was expressed by the Committee that all 42 Members had not signed up to the Council's Data Protection policies and that a small number were still using non Mid Devon District Council email accounts to receive information. The Chairman stated that as an Audit Committee they had a responsibility to ensure that risks to the Council were mitigated wherever possible. There needed to be audit trails and accountability which the use of personal email accounts could not provide. He stated that he felt completion of policies in this area ought to be mandatory and that even though a Councillor could not be forced to sign up to a policy the Council

could refuse to communicate with that Member if they chose not to sign a policy.

The Head of Communities and Governance informed the Committee that she was working with the Head of Business Information Systems to ensure a robust system was in place for the next election. All elected Members would need to register with the Information Commissioner's Office and sign up to all the Council's policies. Each year the Council's duties under the 'Code of Compliance' became tougher and tougher and she gave her assurance that a tougher stance would be taken.

43 CORPORATE DEBT RECOVERY POLICY (Recording 2 hours, 19 minutes and 31 seconds)

The Committee had before it a report * from the Head of Finance presenting it with an updated Corporate Debt Collection Policy. The Committee were informed that people experiencing money problems were assisted by officers so that they understood the difference between priority and non-priority debts. Conversations in relation to living costs were required to be conducted in accordance with the Department for Work and Pensions guidance.

RECOMMENDED to the Cabinet that the Corporate Debt Collection Policy be approved.

(Proposed by the Chairman)

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

44 IDENTIFICATION OF ITEMS FOR THE NEXT MEETING: 2 DECEMBER 2014 (Recording 2 hours, 25 minutes and 48 seconds)

There following items were identified for the next meeting in addition to those already listed in the work programme:

- Audit Fee Letter from Grant Thornton
- Financial information in relation to waste collections from the Head of Finance
- The Chief Executive to attend in relation to missed milestones

(The meeting ended at 8.35pm)

CHAIRMAN