

Mid Devon District Council

Audit Committee

Tuesday, 24 March 2015 at 6.00 pm
Exe Room, Phoenix House

Next ordinary meeting
Tuesday, 23 June 2015 at 6.00 pm

Dear Councillor

AUDIT COMMITTEE – TUESDAY 24 MARCH 2014

I am now able to enclose, for consideration at next Tuesday, 24th March, 2015 meeting of the Audit Committee, the following report that was unavailable when the agenda was printed.

Agenda No Item

15. **Chairman's Annual Report for 2014/15** (*Pages 3 - 10*)
To receive the Chairman's annual report on the work of the Committee since May 2014 which will be submitted to Council on 29 April 2015.

Kevin Finan
Chief Executive
Thursday 19 March 2015

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Members of the public are welcome to attend the meeting and listen to discussion. Lift access to the Council Chamber on the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is time set aside at the beginning of the meeting to allow the public to ask questions.

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Chair of Audit report Mid Devon District Council 2014/15

The following report gives a brief but detailed synopsis of the past year for the Mid Devon District Council Audit Committee.

The committee has seen several changes in personnel over the past twelve months. Our workload has been made a great deal easier to understand by the assistance Andrew Jarrett (Head of Finance) and his team have given us. The knowledge of Amy Tregellas (Head of Communities) has been invaluable. And last but not least the administration of the Committee offered by the Member Services Team. On behalf of the Committee I say thank you.

The meeting cycle started with a meeting on the 11th March 2014.

The Chair had pleasure in welcoming Cllr Binks back to the Audit committee due to a recent political balancing movement of Councillors across a number of Committees.

The Committee were informed by the Head of Communities and Governance that a Scrutiny Working Group had been set up to look at the Performance and Risk reports and Framework and that the revised Risk Management Strategy.

After a short verbal report and discussion the committee resolved that the updated Code of Corporate Governance be approved for a further year.

It was confirmed that their Audit Plan would be brought to the May meeting. Interim audit work was ongoing and due for completion this week. Final accounts for 2013/14 would be presented to the September meeting.

The committee were then asked to consider the Chairs draft full year audit report for 2013/14.

Meeting of May 2014

This meeting is effectively the first meeting of the new committee year and it was agreed that Cllr R Evans be elected Chair and that Cllr F Rosamond be elected as Vice Chair.

The Chairman welcomed Councillor Deed and Councillor Squire to the Committee.

The Committee noted a report from the Head of Communities and Governance providing Members with an update on performance against the Corporate Plan and local service targets for 2013/14, as well as providing an update on the key business risks

The carbon footprint indicator: the level of reduction in carbon footprint was largely due to the Anesco investment project.

The Waste and Recycling Service fell below target on several indicators but it was anticipated that recycling performance would improve with the introduction of the new scheme in October 2015.

Missed collections had remained constant for quarter 4 but it was anticipated that this would rise for the first quarter of 2014/15.

Housing Service was performing well in many areas, including rents collected, gas safety certificates and empty homes put back into use.

The target set for the number of new affordable homes came from the Corporate Plan. New schemes in St Andrew Street and Fir Close would contribute.

The Committee had before it, a report from the External Auditor which covered work completed for 2013-14. The report also covered Value for Money, key dates for audits and fees

The Committee had before it a report from the External Auditor summarising their overall assessment of the Council's management arrangements in respect of the certification process.

The Committee had before it a report from the External Auditor summarising progress with the external audit for 2013/14.

The Committee had before it a report from the Audit Team Leader updating it on the work performed by Internal Audit during the 2013/14 financial year, as required by the Public Sector Internal Audit Standards. Core Audits for 2013-14 had all been completed. In summary 20 audits had been completed in the year.

The three areas audited as poor had all made significant improvement since the audit.

It was agreed that future meetings would continue to take place at 6.00pm.

Meeting of 18th June

The Head of Communities and Governance presented each of the six principles of Corporate Governance outlining the variety of sources of assurance, the role of the Head of Internal Audit, the role of the Chief Financial Officer, the role of internal Audit and of the Audit Committee.

The Committee had before it a report from the Head of Communities and Governance presenting it with the Annual Governance Statement and accompanying Action Plan for 2013/14. In her professional opinion there were no significant areas for concern within the governance arrangements of the authority.

Meeting of the 24th June

The Committee had before it a report of the Annual Governance Statement and accompanying action plan for 2013/14

DRAFT ANNUAL REPORT FOR YEAR ENDED 31 MARCH 2014

The Committee had before it a report presenting the draft Annual Report and Accounts for the financial year 2013/14.

The end of year position had been as predicted with strong balances on the Housing Revenue Account 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 housing stock; The Council Tax collection rate for 2013/14 had been 97.6%; The Business Rates collection rate achieved in the year was 98.4%

GRANT THORNTON 2014/15 AUDIT FEE LETTER

The Committee had before it 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.

Meeting of 9th July

CHANGES TO THE WASTE AND RECYCLING COLLECTION SERVICE

The Chairman had sent a list of questions to the Head of Environmental Services in advance of the meeting. These were many in number and the answers were detailed in reply, for the sanity of the reader I would suggest if you require the detail to visit the MDDC web site

INTERNAL AUDIT PROGRESS REPORT

The Committee had before it, a report from the Internal Audit Team Leader on the work performed by Internal Audit in the 2014/15 financial year to date. The Officer explained that two internal audits had been completed in the current year to date, Contracts and Repairs and Maintenance. In the opinion of the Auditor both areas were adequately controlled.

Meeting of 23rd September

CHAIRMAN'S ANNOUNCEMENTS

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

ANNUAL REPORT AND ACCOUNTS 2013/14

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. Confirmation from both the Head of Finance and the external auditors that Mid Devon District Council was a 'going

concern' 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.

ANNUAL GOVERNANCE STATEMENT

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. 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.

GRANT THORNTON'S DRAFT AUDIT FINDING REPORT FOR 2013/14

The Committee had before it 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 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**.

PERFORMANCE AND RISK

The Committee had before it a report from the Head of Communities and Governance updating it on performance against the Corporate Plan and local service targets for 2014/15

Following a general discussion it was 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.

INTERNAL AUDIT PROGRESS REPORT

The Committee had before it a report from the Audit Team Leader updating it on the work performed by Internal Audit for the 2014/15 financial year. Discussion centred on 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 Audit Committee – 23 September 2014 22 unacceptable and could not carry on.** There could be potential financial implications to the Council if issues were not addressed. 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.

INTERNAL AUDIT REPORTS

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.

Meeting of 2nd December

Audit Committee training

Councillors M D Binks, R M Deed and R Evans had attended Audit Committee training in October 2014 which had been provided by the South West Audit Partnership. It was suggested any new Members to the Committee following the election in May 2015 be encouraged to attend similar training by the same providers.

Internal audit progress reports

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

Discussion took place under each of the following internal audit report headings:

ICT Core

Gifts and Hospitality

Lords Meadow Leisure Centre

Tiverton Pannier Market.

Internal Audit reports

The Committee had before it a report from Grant Thornton summarising the findings from their work supporting their Value for Money (VfM) conclusion.

Annual Audit letter

To receive the Annual Audit letter from Grant Thornton summarising the key findings arising from the work they have carried out for the year ended 31 March 2014.

External Audit update

The Committee had before it a report from Grant Thornton providing it with an update on progress in delivering their responsibilities as the Council's external auditors.

Special meeting of the Audit committee 10th December

To discuss with the Chief Executive the outstanding recommendations within the Audit performance reports

The Committee had before it 3 sets of appendices showing the overall position of high, medium and low recommendations since 2012 for each audit.

The Chief Executive was asked to provide his comments on what appeared to be a significant number of overdue recommendations. He stated that he felt the summary showed a reasonably healthy position, that the Council had an active and diligent audit service and that it was good to have recommendations for improvement. With severe budget cuts managers had been placed under increasing pressure.

Meeting of 27th January

Waste Performance

To receive a report from the Head of Finance updating members of the Audit Committee with regard to waste performance during 2014/15.

The Committee had before it a report from the Head of Finance updating them on Waste performance during 2014/15.

At the meeting on 23 September 2014 the Committee had requested that more information be provided to them on route optimisation and missed collections. The Head of Finance summarised the rationale behind the route optimisation scheme and the proposed new Waste and Recycling scheme. When the budget for Waste was set for 2014/15, it had included circa £65k of savings that were estimated to be delivered once the new routes were implemented from the findings of the new route optimisation. These savings were based on the removal of 4 rural rounds and related to savings on vehicle mileage repairs, maintenance and labour. It was established fairly soon after removing these rounds that this was not going to be operationally practical and soon after the new changes had been implemented, the rounds had to be re-commenced and hence the Council had not been able to deliver this estimated saving.

Discussion took place regarding:

- The negative effect on the Council's reputation due to missed collections in 2014 and a perceived loss of faith in the Council's waste service at that time;
- The lessons that could be learned for the future, for example, not just relying on software tools but also talking to the waste operatives themselves who had the knowledge 'on the ground'.

Update on annual governance statement

The Committee had before it a report from the Head of Communities and Governance providing them with an update on progress made against the 2013/14

Discussion took place regarding:

- Performance Management guidance
- The Emergency Plan was currently being rewritten.
- The Council needed to be better at succession planning.
- A report from the Constitution Working Group presenting the amendments needed to the constitution for the new Council
- New Member training had already been booked for the induction programme commencing after the election.

Internal Audit progress

To receive a report from the Audit Team Leader updating the Committee on the work performed by Internal Audit for the 2014/15 financial year.

The Committee had before a report from the Internal Audit Team Leader updating them on the work performed by Internal Audit for the 2014/15 financial year. The Committee were informed that all core audits would be completed by 31 March 2015.

Performance and risk for First Two Quarters

Discussion took place regarding:

- The Council being in a better position to know whether it could meet the target of 20% for dry recycling once the results of the Waste and Recycling trial were known.
- It was confirmed that under the indicators for Decent and Affordable Homes, 'unlettable' days meant 'voids'.

The following position as at the end of quarter three was provided with regard to empty shops:

- 15 shops in Tiverton were empty which out of 244 represented 6.15%
- 10 shops in Crediton were empty which out of 118 represented 8.47%
- 15 shops in Cullompton were empty which out of 94 represented 15.96%

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