

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 26 January 2021 at 5.30 pm

### **Present**

**Councillors** W Burke, Mrs C Collis, N V Davey,  
S J Penny, A White, A Wilce and F W Letch

### **Apologies**

**Councillor** A Wyer

### **Also Present**

**Councillors** G Barnell, R M Deed, R Evans, B A Moore and  
B G J Warren

### **Also Present**

Andrew Jarrett (Deputy Chief Executive (S151)), Dean Emery (Corporate Manager for Revenues, Benefits and Recovery), Catherine Yandle (Group Manager for Performance, Governance and Data Security), David Curnow (Deputy Head of Devon Audit Partnership), Paul Middlemass (Audit Manager), Fiona Wilkinson (Principal Revenues & Benefits Officer) and Sarah Lees (Member Services Officer)

### **Also in Attendance**

Andrew Davies (Grant Thornton)

## 69. **APOLOGIES**

Apologies were received from Cllr A Wyer who was substituted by Cllr F Letch.

## 70. **REMOTE MEETING PROTOCOL**

The protocol for remote meetings was noted.

## 71. **PUBLIC QUESTION TIME**

Mr Nick Quinn, a local resident asked the following question:

### **Concerning Agenda Item 5: Minutes of the previous meeting (or possibly Item 6: Chairman's Announcements)**

At the last meeting of Audit Committee, on the 17th of November 2020, questions were asked during public question time regarding ongoing risks associated with 3 Rivers Developments Ltd.

A written response was provided by the Audit Committee Chairman, which was attached to the published minutes of the meeting.

In that written response, the Chairman made reference to: “*discussing any other outstanding queries at the joint working group meeting of Scrutiny and Audit which is scheduled for 11 January 2021*”.

My questions are:

**Did the joint working group meeting of Scrutiny and Audit take place?**

and, if so,

**Will the Chairman please report, to the public, the outcomes from the discussions at that meeting?**

The Audit Committee Chairman provided the following response:

Yes, that informal briefing did take place and I will come back to that at item 6, Chairman’s Announcements and I will give a short summary there.

**72. DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

**73. MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 17 November 2020 were confirmed as a true and accurate record.

**74. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had one announcement to make which was a short summary of the informal briefing held between the Audit Committee and Scrutiny Committee on 11 January 2021.

He stated.... I would stress that this was a Member Briefing, it wasn't a public meeting, but I will say that 15 Members were in attendance from both committees as well as from the Cabinet. The purpose of the informal meeting was to consider how both committees could monitor the work of 3 Rivers Developments Ltd and it was stated during that briefing that Audit Committee would consider the financial risk and mitigation of that risk and Scrutiny Committee would consider the process and the impact of decisions made both on the company and Mid Devon as a District. Both the Cabinet Member for Housing and Property Services and the Cabinet Member for Finance provided a presentation. A discussion took place and Members were able to ask questions of Cabinet Members.

I want to thank Members of both committees but particularly Audit for attending and I think it was a very useful briefing to be involved in. That is all I am going to say with regards to that and I have no other announcements.

## 75. DAP REPRESENTATION (00:02:00)

The Chairman explained that a second member of the Audit Committee was required to attend DAP meetings from Mid Devon, otherwise if he was unable to attend for whatever reason, the DAP meetings would be inquorate and not able to take place.

Cllr Alex White volunteered to become the second Audit Committee member for the immediate future and for as long as lockdown lasted and his work commitments allowed it.

## 76. CORPORATE RECOVERY POLICY (00:08:00)

The Committee had before it a report \* from the Deputy Chief Executive (S151) and Corporate Manager of Revenues, Benefits & Recovery and the Principal Revenues & Benefits Officer providing it with an updated policy that identified where responsibility for collection of different debts lay and set out the principles and standards in relation to contact, recovery process, repayments and benefit / money advice.

The contents of the report were outlined with reference to the following:

- Included in the policy was the provision of support mechanisms and practices to all customers. It detailed the approach to collecting debt in Mid Devon.
- The policy set the framework for a consistent and sensitive approach to collecting debt whilst at the same time ensuring that the Council continued to maximise income collection and arrears recovery performance.
- The policy would be supported by a 'process knowledge centre' helping officers to follow due process when seeking payment. This was a work in progress, time would be spent to make sure best practice was used.
- The policy also required a 'vulnerability protocol' this was also a work in progress and would work in line with policy and legal change.
- New legislation was due to come into force in May 2021 called 'Breathing Space' and as such policy and procedures needed to be aligned.
- **Debts Covered By the Policy**
  - Council Tax
  - Rents, both housing and others, e.g. garages, commercial, sub account and former tenancy debts.
  - Benefit overpayments
  - Business Rates
  - General debtors, e.g. unpaid fees and charges
  - Legal costs

Consideration was given to:

- A small number of minor typo's that needed correcting within the policy.
- The cost to the Council of the translation service.
- The need for sensitivity regarding debt during the current pandemic and the effect upon people's finances.
- The Government scheme to compensate council's up to 75% in order to mitigate against income losses..

- The Council employed a Welfare Officer who was able to signpost individuals to support agencies such as CAB, CHAT and 'Navigate' who provide debt advice. In addition to this information was provided on the correspondence sent out to people to help signpost them to agencies that could provide more practical help.
- It was getting more difficult to collect taxation due to the current financial hardship faced by so many. The service was a lot more understanding of individual debt situations and worked with people on a 1:1 basis where necessary. It was not about 'writing off' debt but about giving individuals more time to pay. There were varying funds that the Council was able to dip into in order to support this process, for example, the food voucher scheme.
- More information would be shared with Members regarding the protocol which would be used to engage with its external stakeholders to deliver on its promise to help the vulnerable as it becomes available. It was confirmed that the Government's new 'Breathing Space' period would freeze interest, fees and enforcement for people in problem debt, with further protections for those in mental health crisis treatment.

**RECOMMENDED** to the Cabinet that the updated Corporate Recovery Policy be approved.

(Proposed by Cllr A Wilce and seconded by Cllr N V Davey)

Reasons for the decision:

- The policy will help to enforce and recover c£82m in local taxation and sundry debts. Failure to use a consistent approach could have a detrimental effect on budgets and delivery of services.
- The policy sets the framework for a consistent and sensitive approach to collecting debt whilst at the same time ensuring that the Council continues to maximise income collection and arrears recovery performance.
- This policy should ensure that each debtor is treated fairly and minimises then risk of legal challenge
- There is a potential reputational risk should the policy not be adhered to.
- Maximising income for the Council is essential particularly during current financially challenging years. It is important to have a policy that is clear and transparent to ensure any recovery action is timely and proportionate.

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

**77. GRANTS - LOCAL RESTRICTIONS (00:20:00)**

The Corporate Manager of Revenues, Benefits & Recovery provided the Committee with a verbal update in relation to the Grants administered by the Council since the start of the pandemic.

This included:

- Either side of the lockdowns, every tier had had a separate grant scheme with as many as 9 live schemes all with different rules.
- Overall the Council had paid out over £36m in grants since the start of the pandemic
- Government required monthly returns reporting on, fraud, attempted fraud and payment errors.
- Applications were tested via, Spotlight and NFI ( National Fraud Initiative) to further validate business details.
- Circa £40k being recovered in payment errors.
- No Fraud had been identified to date. Mid Devon's rules were very strict, the Council required company accounts, bank statements etc. before issuing payments.
- "Reasonable Assurance" was found after a recent audit by 'DAP'.
- Businesses had been very grateful for the financial assistance received. There had been some emotional conversations.
- Although businesses did not have to tell the Council of their existence, many had in order to seek financial assistance.

The work of the Revenues and Benefits team and that of the Economic Development team was recognised by the Committee who wished for their thanks to be taken back to the individuals working in those areas.

## 78. **PERFORMANCE AND RISK (00:37:00)**

The Committee had before it, and **NOTED**, a report \* from the Group Manager for Performance, Governance and Data Security providing it with an update on performance against the Corporate Plan and local service targets for 2020-21 as well as providing an update on the key business risks..

The contents of the report were outlined with particular reference to the following:

- The report included performance data up to the end of December 2020 and had been to 3 of the 4 Policy Development Groups.
- An update was provided with regards to residual waste, recycling rates and chargeable garden waste collections.
- With regards to Homes, 71 void properties had now been brought back into use which was above target. Inspections of Houses of Multiple Occupation was at 100% and landlord engagement events had gone up to 12.
- Comparative figures with the previous year were provided in relation to Homelessness.

Discussion took place with regard to:

- The absence of a target figure for council house building for this year, although there was one for next year. The Group Manager would look into this.
- The need for more detail in relation to affordable housing targets, for example, 'Affordable Housing Delivery against the Local Plan'. At the moment this all

came under one heading but it would be useful to have a new metric beneath this providing more detail. It would be particularly helpful for the Homes PDG, the Development Delivery Advisory Group and the Scrutiny Committee.

- The need for more data in relation to mental health first aid provision.
- There had been less short term sickness since officers had been working at home.
- A half yearly report regarding activity with the South West Mutual Bank would be provided to Members going forwards.
- A check needed as to whether the Terms of Reference of the Net Zero Advisory Group had been agreed.
- A report was to be published with the Cabinet agenda the following day setting out a balanced budget for 2021/2022. A budget gap of £386k would be addressed by a temporary transfer from New Homes Bonus monies. At the current moment in time it was not envisaged that there would be any significant reduction service provision.
- A Climate Change Officer had recently been appointed.
- The excellent job being carried out by staff to maintain the waste collection service.
- The significance of Government funding during the pandemic to support councils to deliver essential services.
- Whether the scoring mechanisms used to monitor data in certain areas accurately reflected the true position. It was confirmed that the scoring criteria would be looked at as part of the Risk and Opportunity Management Policy coming to the Committee for consideration in March 2021.

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

#### 79. **ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE (01:08:00)**

The Committee had before it, and **NOTED**, a report \* from the Group Manager for Performance, Governance and Data Security providing it with an update on progress against the Annual Governance Statement 2019/20 Action Plan.

The following key updates were provided:

- 7 actions had been identified by the Committee in August 2020 as being in need of monitoring.
- 2 of these actions had been completed and there had been progress on all the other outstanding issues.
- Tracked changes had been provided to illustrate where some of the dates had been amended.

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

#### 80. **ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY (01:09:00)**

The Committee had before it a report \* from the Group Manager for Performance, Governance and Data Security presenting it the reviewed and updated policy for Anti-Fraud & Corruption Policy and the Anti-Fraud and Corruption Strategy.

The contents of the report were outlined with reference to the following:

- The review of the policy had been brought forward as an agreed action following an Internal Audit Counter Fraud Governance review in 2019/20.
- Background reading had also been supplied to the Committee entitled 'Fighting Fraud and Corruption Locally' as it was hoped this would provide a useful context to consider the Mid Devon policy and strategy.
- Minor changes had been made to the policy such as changing references to the 'Audit Commission'.

Discussion took place with regard to whether enough consideration had been given within the strategy to how fraud was detected, how the council could protect itself more effectively and how the council would pursue potential instances of fraud. It was suggested that the strategy could explore these issues in greater detail.

**RESOLVED** that:

- a) The revised Anti-Fraud and Corruption Policy be approved.
- b) The revised Anti-Fraud and Corruption Strategy be deferred to the next meeting to allow consideration on how the strategy could be developed to reduce the risk of fraud.

(Proposed by Cllr A Wilce and seconded by Cllr N V Davey)

**FURTHER RESOLVED** that:

The Group Manager for Performance, Governance and Data Security be given delegated authority to make minor amendments to these documents e.g. changes to job titles.

(Proposed by Cllr N V Davey and seconded by Cllr F Letch)

Reasons for the decision:

- The policy and strategy support good governance arrangements enabling confidence in our delivery of the Corporate Plan.
- Not having these documents could result in not detecting fraud, corruption or financial irregularities, which could result in a loss to the Council.
- Without this policy and strategy the Council is at risk of not detecting fraud, corruption or financial irregularities, which could result in significant loss to the Council and damage its reputation.

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

## 81. **INTERNAL AUDIT PROGRESS REPORT (01:21:00)**

The Committee had before it, and **NOTED**, a report from the Devon Audit Partnership presenting an update on the progress and performance of Internal Audit.

The contents of the report were outlined and discussion took place with regard to:

- The core audits and risk based audits that had been undertaken.
- Good progress was being made in completing the audits within the audit plan for 2020/2021 although there had been a need to adjust the plan to what the team were able to deliver within available resources. The revised plan discussed with management was attached as Appendix 3 for audit committee review and comment.
- An additional audit work had been undertaken as a result of the significant number Covid 19 grant awards since the start of the pandemic.
- Information was provided in relation to the 'digitalisation' and 'safe staff operation during Covid 19' audits.
- Reference was made to the 'Agency Agreement (2015) with the property administrator who manages the Market Walk properties' and the fact that it was down to the Council to set performance metrics. It was confirmed that this was in hand and that this would be removed as an outstanding action on the next report.
- Outstanding audit recommendations in the Insurance area. Refresher procurement training had been due to take place by June 2020 but was delayed by the covid-19 emergency. It is understood that this has now commenced. This will be confirmed by the current audit.

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

## 82. **ANNUAL AUDIT LETTER FROM GRANT THORNTON 01:34:00)**

The Committee had before it, and **NOTED**, the Annual Audit Letter \* from Grant Thornton.

The following was highlighted within the letter:

- The Letter summarised the work of the external auditors throughout the year.
- The audit had largely been completed in August of 2020 with the final sign off having taken place at the end of November .
- An unqualified opinion had been given on the Council's Financial Statements.
- An 'except for' opinion had been issued on the Council's arrangements to secure Value for Money due to some commercial activities with 3 Rivers Development Ltd.
- A paragraph had been included within their report in respect of the uncertainty over valuations of the Council's land and buildings and the property investments funds held within the Devon County Pension Fund given the Coronavirus pandemic, however, this was a similar position with most council's.
- The Letter detailed a number of other 'risks'.
- Proposed additional fees incurred as a result of delivering the audit 'remotely' would need approval by the Public Sector Audit Appointments Ltd (PSAA) before recompense was sought from the council. The Council needed to make budgetary provision and requested that it be informed of the additional fees as soon as possible.

Note: \* Annual Audit Letter previously circulated; copy attached to the signed minutes.

**83. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE (01:42:00)**

The Audit Manager from Grant Thornton was present to provide the Committee with a verbal update on their responsibilities as the Council's External Auditors. This included the following information:

- They would normally bring their audit plan to the January meeting of the Audit Committee, however, due to the impact of Covid on working arrangements this would be brought in March instead.
- The Housing Benefit return would be finalised by the end of this week.

**84. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:45:00)**

In addition to the items already listed for the next meeting, the Committee would need to receive the Anti-Fraud and Corruption Strategy for further consideration.

(The meeting ended at 7.16 pm)

**CHAIRMAN**