

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 24 March 2015 at 6.00 pm

Present

Councillors: R Evans (Chairman)
F R Rosamond (Vice Chairman), M D Binks,
R M Deed and R Wright

Also Present

Councillor: P H D Hare-Scott

Also Present

Officers: Amy Tregellas (Head of Communities and Governance and Monitoring Officer), Andrew Jarrett (Head of Finance), Catherine Yandle (Internal Audit Team Leader) and Sarah Lees (Member Services Officer)

Also in

Attendance: S Johnson (Grant Thornton)

76. APOLOGIES

There were no apologies for absence.

77. PUBLIC QUESTION TIME

There were no members of the public present.

78. MINUTES OF THE PREVIOUS MEETING

The Minutes of the Meeting held on 27 January 2015 were approved as a correct record and **SIGNED** by the Chairman.

79. CHAIRMAN'S ANNOUNCEMENTS (00:02:30)

The Chairman wished for his formal thanks to be relayed to the Head of Finance and the Head of Communities and Governance and their teams as well as the Audit Committee Clerk. He paid particular thanks to the Audit Team Leader and her team stating that they undertook a great deal of work and as Chairman of the Audit Committee he was very grateful to them. He also thanked the Members on the Committee and wished them well for the forth-coming election.

He also stated that in his view the number of Members on the Committee should increase in the next municipal year to seven rather than five. The Leader had agreed that this was a good idea and this also been endorsed by the Constitution Working Group.

The Committee Members thanked the Chairman for his leadership and for taking over the role so successfully.

80. **CODE OF CORPORATE GOVERNANCE (00:02:40)**

The Committee had before it a report * from the Head of Communities and Governance presenting it with the updated Code of Corporate Governance. It was explained that this was the annual update and review of the Code and that any changes within the document from last time had been highlighted for ease of reference.

Discussion took place regarding the need to add the following into the document:

- The Blackdown Hills Area of Outstanding Natural Beauty (AONB) Management Plan under section 3.1.3 as there was a legal requirement for the Council to do this.
- The Equality and Diversity Strategy needed to be included under section 3.1.5.
- The Citizen's Panel needed to be inserted into section 3.3.4.
- The recording of meetings needed to be included in section 3.6.3.

RESOLVED that the updated Code of Corporate Governance be approved.

(Proposed by the Chairman)

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

81. **RISK AND OPPORTUNITY MANAGEMENT STRATEGY (00:09:05)**

The Committee had before it a report * from the Head of Communities and Governance presenting it with the updated Risk and Opportunity Management Strategy. Changes to the existing Strategy had been highlighted for ease of reference. The Committee had had sight of the Strategy in September 2014 following some work undertaken by a Scrutiny Task and Finish Group into performance management. However, it was explained that the updated Strategy needed to be approved on an annual basis by the Committee in March each year.

The Committee were informed that there was now a new Health and Safety Officer in post.

Discussion took place regarding:

- The need to categorise 'opportunities' as well as 'risks' and to score them in roughly the same way so that opportunities for the Council could be grasped.
- The role of the Audit Committee; the Committee were reminded that their role was in relation to corporate governance and not to act as scrutinisers of Cabinet projects.

RESOLVED that the updated Risk and Opportunity Management Strategy be approved.

(Proposed by the Chairman)

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

82. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN (00:17:42)**

The Committee had before it, and **NOTED**, a report * from the Head of Communities and Governance providing it with an update on progress made against the 2013/14 Annual Governance Statement Action Plan.

The Action Plan had stated that the team working on the Corporate Plan had planned to meet on 20th January 2015. The Committee were informed that several meetings had taken place and there were plans to meet the following week as well. There would be a workshop planned for May at the Senior Officer Forum and an Away Day would be scheduled for the new membership of the Council in July.

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

83. **PERFORMANCE AND RISK FOR THE FIRST THREE QUARTERS OF 2014-15 (00:20:20)**

The Committee had before it, and **NOTED**, a report from the Head of Communities and Governance providing it with an update 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 regarding:

- 82 homes were non-decent at the end of February as the Council had been denied access. The Council was unable to insist upon access in these circumstances but could seek a court injunction if there were issues around gas safety.
- Under the Managing the Environment indicators it was confirmed that the figure of 482.3 represented an actual weighted measure of household waste per head of population.
- The percentage of household waste, reused, recycled and composted being slightly below target and how this could be addressed in the future should the trend continue.
- Under the Community Well Being indicators the outturn position for the number of empty shops within Tiverton was 12 out of 245, in Crediton it was 10 out of 118 and in Cullompton it was 11 out of 94. The percentage number of empty shops would be included in the management notes from now on so that Members would receive both sets of data.
- The need for an overall picture of the numbers of people retained as members of the leisure centres rather than just monthly figures.
- The need for officers to speak to the Revenues Manager regarding the two indicators relating to 'The percentage of Council Tax collected' and 'The percentage of NNDR collected' to see whether these were still relevant and needed to be reported in this format.

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

84. INTERNAL AUDIT PROGRESS REPORT (00:34:00)

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 again took place regarding reference in the high priority outstanding report to Procurement objectives not being met due to the Procurement Manager being on maternity leave. The Head of Finance reiterated that in his view spending £30 - £40k on a temporary replacement did not represent value for money and was confident these issues could be addressed when the member of staff returned from maternity leave.

Discussion took place regarding each of the internal audit reports that had been issued to the Committee since the last meeting:

Council Tax

The Committee expressed general concern regarding the number of comments in the report which related to an area of the service that could be improved, for example, lack of procedure notes. However, it was confirmed by the Audit Team Leader that the recommendations within the report were low to medium and did not present a serious risk.

Concern was expressed regarding the fact that there was still no one trained to do the work of a Business Rate Officer, this was despite the issue being raised back in 2011/12. The Committee were informed that there had been issues relating to long periods of maternity and sick leave meaning that the service area was understaffed and under resourced but that this did need further consideration.

Payroll

Concern was expressed regarding establishment structure charts and the newly purchased software specification not being complied with. It was explained that when the software supplier had been invited to do a demonstration there had been a lack of clarity about what was included as part of the standard package and what would incur an extra cost. The question was asked as to whose responsibility it was to take up these issues, ICT or the service area itself? The Committee felt that the Council needed to be better at being firm with suppliers and getting the goods and services it had paid for. The Head of Communities and Governance confirmed that she would relay the Committee's comments back to the Heads of Service concerned.

The new payroll system was described as being a vast improvement on the old one which had necessitated a lot of double entry.

Three out of twenty three salary estimates were stated in the report as not having an authorised signature. The Committee queried what this actually meant and were informed that it was to do with budgeting and that all managers should approve their establishments. It was not to do with monthly payments and the risk of officers not being paid because a manager hadn't done something.

Housing benefit

Discussion took place regarding the level of outstanding debt and the potential risk of debts becoming irrecoverable and written off due to lack of chasing. The Head of Finance explained that on balance he did not consider it money well spent to employ an officer to chase debtors that they were very unlikely to recover funds from.

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

85. **INTERNAL AUDIT REPORTS (01:37:00)**

Discussion regarding each of the internal audit reports received since the last meeting had taken place under the previous item.

Note: It had not been necessary during discussion of the internal audit reports for the Committee to move into Part II.

86. **INTERNAL AUDIT STRATEGY 2015/16 (01:03:50)**

The Committee had before it a report * from the Audit Team Leader presenting the Internal Audit Strategy for 2015/16.

RESOLVED that the updated Internal Audit Strategy for 2015/16 be approved.

(Proposed the Chairman)

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

87. **STRATEGIC AUDIT PLAN FOR 2015/16 (01:05:44)**

The Committee had before it a report * from the Audit Team Leader presenting the Strategic Audit Plan for 2015/16 to 2016/17 and detailed Audit Work Plan for 2015/16.

It was explained that a draft version had been brought to the Committee in January. This had subsequently been discussed with Management Team and some minor changes made. These changes had been highlighted within the document.

RESOLVED that the Audit Plans for 2015/16 to 2016/17 be approved.

(Proposed by the Chairman)

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

88. **EXTERNAL AUDIT COMMITTEE UPDATE (01:05:44)**

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

Audit of the 2014/15 financial statements would commence on 29 June 2015 with the draft findings being brought to the Audit Committee on 28 July 2015. These dates had been agreed with the Head of Finance.

Reference was made to Grant Thornton's fourth annual review into local authority governance which had assessed how well local government was delivering governance across the country. Particular reference was made to 43% of respondents who had felt that scrutiny committees were not challenging enough about the way authorities do things. Also, 49% had said that the transition to Police and Crime Commissioners had not had a positive impact on local partnership working arrangements.

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

89. **EXTERNAL AUDIT PLAN FOR 2015/16 (01:13:40)**

The Committee had before it, and **NOTED**, a report * from the Council's external auditors setting out their approach to the planned Audit for the year ended 31 March 2015. It was explained that the timetable to complete the audit would be very challenging this year but it was hoped it would commence on 29 June 2015 and be completed within 3 weeks. Two external auditors would be onsite with Ms Daly and Mr Johnson overseeing the audit.

A brief discussion took place regarding external audit fees. There had been two challenges to the accounts in relation to the relocation of the Tiverton Tourist Information Centre and a variation of car parking charges and this had incurred an additional charge to the Council of £3500.

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

90. **CHAIRMAN'S ANNUAL REPORT FOR 2014/15 (01:24:30)**

The Committee had before it a draft annual report * by the Chairman on the work of the Committee during 2014/15. There being no suggested amendments to the report it was **AGREED** that it would be included with the Council Summons for the meeting on 29 April 2015.

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

(The meeting ended at 7.28 pm)

CHAIRMAN