

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 20 September 2016 at 5.30 pm

Present

Councillors

R Evans (Chairman)
Mrs J B Binks, Mrs C Collis, R M Deed, T G Hughes and
F W Letch

Apology

Councillor

R F Radford

Also Present

Councillor

P H D Hare-Scott

Present

Officers

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

Also in

Attendance

G Daly (Grant Thornton)

35. **APOLOGIES**

Apologies were received from Cllr R F Radford.

36. **PUBLIC QUESTION TIME**

There were no members of the public present.

37. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman stated that the South West Audit Partnership was running some training for Audit Committee members in October at two locations in Buckfast Abbey or Sparkford Motor Museum. Having attended the free event the previous year and found it very useful, he intended to attend the Sparkford Motor Museum event again. He highly recommended the training and hoped that other Members of the Committee would consider attending as well.

38. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 15 July 2016 were approved as an accurate record and **SIGNED** by the Chairman.

39. **PERFORMANCE AND RISK FOR THE FIRST QUARTER OF 2016-17 (00:03:20)**

The Committee had before it, and **NOTED**, a report * from the Head of Communities & Governance providing Members with an update on performance against the

Corporate Plan and local service targets for 2016-17 as well as providing an update on the key business risks.

It was explained that some of the performance indicators had been amended to reflect the new Corporate Plan and the four Policy Development Groups.

Discussion took place regarding:

Environment

- The amount of residual household waste per household going to landfill and the fact that the Cabinets were regularly kept up to date.
- The need for the three different shades of green used within the reports to be more distinct and therefore clearer in terms of meaning.

Homes

- There was a target to achieve '80 homes to be delivered' with only 16 having been achieved in quarter one which was about 20% down on where the Council should be, however, that could be reversed very quickly at any point in the next three quarters with the proposed developments.
- Average days to re-let local authority houses and the fact that a comment was made that 'the team struggled to meet the target of 16 days'. The Chairman asked whether anything had been done to assist that team? The Director of Finance, Assets and Resources stated that he would speak to the Head of Housing to get an update and pass it on the Committee. It was further explained that there were different void types with some needing a major upgrade. Legally the Council was not allowed to insist that tenants pay a deposit before occupying a property, however, it did proactively charge tenants who caused damage or who had not given a property back in a satisfactory condition. The Chairman was concerned that realistic targets be set which were attainable.

Corporate

- The response times in relation to Freedom of Information requests had improved due to a new member of staff being appointed to look after this area.
- The quarter one figure for the number of working days lost due to sickness absence was slightly higher this year than last year but was still within target.
- Additional information was provided by the Internal Audit Team Leader who had received an update from the Head of Planning and Regeneration that day regarding staffing levels in her department. For 'the planning guarantee' it was permissible to arrange extensions of time for a planning determination as long as it was in writing and agreed with the client. She further explained that some of the performance indicators had been removed from these reports to try and reduce the volume, however, as a result, the Committee lost a bit of context. The Planning Committee had been informed that major applications processed within 13 weeks were 75% and minor within 8 weeks were 72% both of which was over their targets. Perhaps a couple of performance indicators needed to be added back in to provide some relevant context to all committees. It was confirmed that the Planning Department still had some

unfilled vacancies. In addition to this the Head of the Department was planning a restructure in the near future.

- The Chairman stated that for the private sector the average number of working days lost through sickness absence was less than it was for the public sector and that he would like to see the target reduced next year so that it was more realistic.

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

40. **INTERNAL AUDIT PROGRESS REPORT (00:23:29)**

The Committee had before it, and **NOTED**, a report * from the Internal Audit Team Leader updating it on the work performed by Internal Audit for the 2016/17 financial year. This report covered the period up to 31 August 2016 and included six audit opinions.

Discussion took place regarding each of the following internal audits:

Standby

- It was explained that there were two different functions within standby. The first were the standby operatives who went out to deal with emergencies and the second was the officers who provided advice from home and did not therefore need to be in the lone workers scheme as they were effectively treated as 'office based'.
- It was noted again that the date for the approval and implementation of the Transport Policy had slipped but this had been due to the depot move.

Voids

- Pre-vacation inspections, where a tenant had given notice, were not optional, this provided an opportunity, where a property was not in a fit state, for the tenant to bring it up to standard and make any repairs before finally vacating. The Internal Audit Team had spoken to the Voids Supervisor and it had been confirmed that most of the properties that were in a bad state had been due to issues such as eviction, abandonment, or death. The Voids Management Policy had not had a significant effect on the major voids it was the ones that were classified as minor that would be improved.

Sickness & Other Time Off

- It was the overall opinion of the auditor that the sickness and other time off system in terms of HR's responsibility was adequately controlled, although the part of the process which involved managerial responsibility was weak and therefore poorly controlled.
- The Committee commented that they had received the same feedback last year and had made their feelings known then. They were extremely disappointed to see the same comments being made again this year. A manager's job was to manage and it came with an expectation. The advice from HR should be taken and acted upon and there should be no discretion.

It was **AGREED** that, as the issues discussed affected managers across the whole Council, the Chairman would write to the Chief Executive and ask him to attend the next meeting to explain what actions were being taken to address the concerns of the Committee.

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

41. **ACCESS TO INFORMATION ACT - EXCLUSION OF THE PRESS AND PUBLIC (00:51:00)**

As there was a need to discuss information that was of a commercially sensitive nature, it was:

RESOLVED that under section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in section 100I and paragraph 3 of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

(Proposed by the Chairman)

42. **LICENSING (00:52:00)**

Since the last meeting the Committee had received, and **NOTED**, a detailed report regarding the Licensing audit. An update was provided to it during the meeting which was also noted.

The meeting returned to open session where discussion continued regarding the software system used by the Licensing team known as 'Lalpac'. It was explained that whilst this was perfectly adequate for issuing licenses and reminders the report functionality within the software package was poor. However, although the system did not quite meet all the requirements adequate work arounds were in place.

43. **ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS FROM 2017/18 (01:06:35)**

The Committee had before it, and **NOTED**, a report * from the Internal Audit Team Leader summarising the key proposals contained in the Public Sector Audit Appointments Ltd prospectus. The Internal Audit Team Leader explained that a formal recommendation would now be brought to the Committee for its January meeting. It was **AGREED** that officers would draft a response to questions posed in the Public Sector Audit Appointments prospectus as a way of responding to the consultation and would be circulated to the Committee.

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

44. REVISIONS TO THE FINANCIAL AND CONTRACT PROCEDURE RULES (01:08:50)

The Committee had before it, a report * from the Director of Finance, Assets and Resources presenting some amendments to the Financial Regulations of the Authority.

RECOMMENDED to Council that:

- a) Changes to the Procurement Procedure, as detailed at Appendix B, be approved; and
- b) Changes to the various thresholds of the Financial Regulations of the Council, as detailed at Appendix A, be approved subject to the following amendments:
 - i) Table A, Ref no. A3 be amended to say '£250k' and not '£2500k' and that the heading 'Cabinet Member' be amended to 'Cabinet';
 - ii) Table A, Ref no. A4 be amended to say 'Over £250k' and not 'Over £2500k' and that 'Council' be amended to read 'Cabinet';
 - iii) Reference no. F4 be amended to state the 'Cabinet and Section 151 Officer' with authority to write off stock deficiencies / obsolete stock;
 - iv) Table H, 'European Union Procurement Thresholds' should state that this is 'Valid up until 31/12/16' and the following should be inserted under 'Replaced by':

Goods:	£164,176
Services:	£164,176
Works:	£4,104,394
 - v) Reference K1, against 'Best possible price' it should state 'Value less than or equal to £1,000' and not 'greater than'.
- c) Changes to the Constitution in line with the above recommendations be approved.

(Proposed by the Chairman)

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

45. ANNUAL AUDIT LETTER FROM GRANT THORNTON (01:24:44)

The Committee had before it, and **NOTED**, a report * from the external auditors presenting the Annual Audit Letter from Grant Thornton summarising the key findings arising from the work they had carried out for the year ended 31 March 2016.

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

46. EXTERNAL AUDIT PROGRESS REPORT AND UPDATE (01:26:30)

The Committee had before it, and **NOTED**, a report * from the external auditors providing a progress report and update. The Audit Plan for 2016/17 would be issued early in 2017. A number of emerging issues within the report were highlighted including an income generation workshop and a seminar highlighting Mid Devon's success in achieving a faster closure of accounts at which the Council's Finance Manager would co-present.

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

47. GENERAL DISCUSSION ON THE IMPACT OF BREXIT (01:30:37)

At the last meeting a request had been made to briefly discuss the implications of Brexit as far as they affected the Council and as far as they were known at the current time. The Director of Finance, Assets and Resources informed the Committee that they needed to be aware of the following:

- Certain projects relied on EU funding and may therefore be in jeopardy.
- The effect on the base rate might have both positive and negative effects upon the Council.
- Returns on short investments had reduced which made the Council's fixed dividend property investment with the Churches, Charities and Local Authorities (CCLA) even more attractive.
- If the Council wanted to do more innovative things, for example, build more industrial units and needed to borrow money from the Public Works and Liability Board, it might be possible to borrow money more cheaply.
- The effect of the exchange rate would not have a significant effect upon the Council itself but might have in terms of local businesses with whom it undertook projects. Any struggling companies were advised to approach the Council through its Economic Development Officer who could provide advice.

He concluded by stating that as soon more information was available he would update the Committee.

48. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:38:30)

In addition to the items already identified for the next meeting it was requested that the Chief Executive be invited to attend the next meeting.

(The meeting ended at 7.23 pm)

CHAIRMAN