

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 21 March 2017 at 5.30 pm

### **Present**

#### **Councillors**

R Evans (Chairman)  
Mrs J B Binks, Mrs C Collis, T G Hughes,  
R F Radford and L D Taylor

### **Apology**

#### **Councillor**

R M Deed

### **Also Present**

#### **Councillor**

P H D Hare-Scott

### **Also in**

#### **Attendance**

Geraldine Daly (Grant Thornton)

### **Also Present**

#### **Officers**

Andrew Jarrett (Director of Finance, Assets and Resources), Sarah Lees (Member Services Officer) and Catherine Yandle (Internal Audit Team Leader)

## 81. **APOLOGIES**

Apologies were received from Councillor R M Deed.

## 82. **PUBLIC QUESTION TIME**

There were no members of the public present.

## 83. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman requested that any Committee Member who had not responded to the Committee Clerk regarding a special meeting on 17 July 2017 to reply as soon as possible as to their availability.

## 84. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 21 February 2017 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

## 85. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN**

The Committee had before it, and **NOTED**, a report \* from the Internal Audit Team Leader providing it with an update on progress made against the 2015/16 Annual Governance Statement Action Plan.

It was explained that there were two outstanding actions. One of these related to the staff survey, the results of which had now been circulated to all staff and the Peer Review team. The other related to the standards complaints procedure. A peer review of the standards regime had been carried out and the report had been presented to the Standards Committee on 25 January and full Council on 22 February 2017. Another meeting of the Standards Committee was due to take place on 4 April 2017 to progress this matter further.

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

## 86. **INTERNAL AUDIT PROGRESS REPORT**

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.

It was explained that no further work on System Audits would take place until the Core Audits were complete. There had been some slippage in achieving the targeted volume of work as outlined in the plan due to completed audits taking approximately 45 days longer than planned and the Audit Team Leader spending unscheduled time on future audit provision and Governance issues.

Discussion took place regarding:

- Pressure on the Audit team as a result of job evaluations which had increased due to a number of restructures. However, it was explained that this role would not fall under their remit once the outsourcing arrangements were complete.
- Two post audit surveys were still being followed up. The Director of Finance, Assets and Resources agreed to follow this up. The Chairman requested that they did not appear before the Committee again.

The Committee discussed each of the Internal Audits they had received reports for since the last ordinary meeting:

### Council Tax, NNDR & Recovery

The Chairman stated that it should be noted that there had been significant improvements in this area and that the Committee's appreciation of that should be passed back.

### Housing Rents

There was a query about the value of pre 2006 overpayments written off.

### Income and Cash Collection

Concern was raised regarding the fact that some service departments were still raising invoice instructions after the service had been provided meaning that there was a risk that the debt may not be paid although the service had been delivered. The Director of Finance, Assets and Resources stated that he would speak to the service managers involved.

One area of weakness was the reasons given sometimes for a refund/reversal on the cash receipting system not being very descriptive.

The Chairman stated that he was pleased to see the lowest number of overdue outstanding recommendations since January 2015. However, 3 were still outstanding from 2014 and 9 from 2015. He requested that should the circumstances relating to them have been superseded, or that they not be relevant any longer, they be removed from the list. In general however, the movement was in the right direction and this needed to be recognised.

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

#### 87. **INTERNAL AUDIT REPORTS**

The discussion regarding internal audit reports had taken place under the previous item; there had been no need to move into Part II.

#### 88. **WHISTLE BLOWING POLICY**

The Committee had before it a report \* from the Director of Corporate Affairs & Business Transformation presenting it with the updated Whistleblowing Policy. The Internal Audit Team Leader explained that the policy had recently been presented to the Scrutiny Committee. They had requested that a definition of 'Whistleblowing' be inserted at the beginning of the policy and this had been actioned.

Discussion took place with regard to:

- The protection of the identity of the whistleblower.
- If individuals did not want to talk to somebody within the Council it was possible to go to an external body or Grant Thornton.
- There had been no whistleblowing incidents in the previous six months.

**RESOLVED** that the updated Whistleblowing Policy be approved.

(Proposed by the Chairman)

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

#### 89. **INTERNAL AUDIT OUTSOURCING UPDATE**

The Internal Audit Team Leader informed the Committee that she had sent out a specification to the two potential providers, it having been approved by the Leadership Team. They had also been sent a copy of the draft work plan. She was now waiting to receive their responses.

#### 90. **RISK AND OPPORTUNITY MANAGEMENT STRATEGY**

The Committee had before it a report \* from the Internal Audit Team Leader presenting it with the updated Risk & Opportunity Management Strategy for approval.

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

- The biggest change to the Strategy related to the reporting criteria. In order that resources were concentrated on the risks most likely to jeopardise the Council's priorities it was proposed that the risk tolerance and risk scoring matrix be changed so that only risks scoring 10 and above be reported.
- Other minor changes to the Strategy chiefly related to job titles.
- Policy Development Groups analysed the risks falling under their remits and reported back any concerns to the Cabinet. However, the Audit Committee had a more overarching role and should seek reassurance that risks were being managed for the Council as a whole.

**RESOLVED** that the updated Risk & Opportunity Management Strategy be approved.

(Proposed by the Chairman)

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

#### 91. **PERFORMANCE AND RISK FOR 2016/17**

The Committee had before it, and **NOTED**, a report \* from the Director of Corporate Affairs & Business Transformation providing it 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 data was now being populated on a monthly basis rather than quarterly.

A brief discussion took place regarding days lost due to sickness and it was confirmed that the average number of days lost was slightly higher than this time last year.

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

#### 92. **DRAFT STRATEGIC AUDIT PLAN FOR 2017/18 TO 2020/21**

The Committee had before it, and **NOTED**, a report \* from the Internal Audit Team Leader presenting the draft Strategic Audit Plan for 2017/18 to 2020/21.

It was explained that this was the draft four year rolling plan and that normally the Committee would be asked to approve the plan in March each year. However, there had been a need to consult with the potential suppliers of the internal audit function since they would be responsible for delivering a lot of the content. The final plan would be brought to the Committee for approval at the next meeting.

A brief discussion took place regarding the Legal and Democratic Services area and the number of contingency days planned for. In order to achieve a better spread of audit resource it was suggested that an audit of the Member Allowances area be brought forward to follow the next District Council election in May 2019 rather than 2020/2021. This was **AGREED** by the Committee.

The Audit Team Leader stated that she also needed to add in a review of the safeguarding procedures.

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

93. **GRANT THORNTON - EXTERNAL AUDIT PROGRESS REPORT AND UPDATE**

The Committee had before it, and **NOTED**, a report \* from the external auditors providing a progress report and update.

Reference was made to the following:

Progress was as expected and the interim audit had now been completed. They would be starting their final audit in early June and they expected to issue their opinion at the special meeting planned for 17 July 2017.

Discussion took place regarding business rates:

- Risk being mitigated if the Council had a diverse range of business entities within its portfolio.
- At the moment the Council was part of a Devon business rate pool which shared in financial losses and gains, however, there was no guarantee that the pool would exist in the years to come. Additionally businesses did not look at district council boundaries to site their businesses they would go wherever it was most beneficial to them.

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

94. **GRANT THORNTON - AUDIT PLAN FOR MID DEVON DISTRICT COUNCIL**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton setting out an overview of the planned scope and timing of the external as required by International Standard on Auditing.

A summary was provided of the key developments within the sector.

Financial resilience was identified as a significant risk in common with other local authorities. As external auditors they would be analysing the Medium Term Financial Plan process as well as the financial monitoring undertaken.

A brief discussion took place regarding the use of reserves and New Homes Bonus to support the budget setting process. This was not ideal and was usually only done to support projects with a finite life. Should there be an over reliance on this course of action the external auditors would bring it to the attention of the Audit Committee.

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

95. **CHAIRMAN'S ANNUAL REPORT FOR 2016/17**

The Group had before it a draft annual report \* by the Chairman on the work of the Committee during 2016/17. There being no suggested amendments to the report it was **AGREED** that it would be included with the Council Summons for the meeting on 26 April 2017.

96. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING**

In addition to the items already listed in the work programme, the following item was requested to be on the agenda for the next meeting:

- Final Strategic Audit Plan for 2017/18 to 2020/21.

(The meeting ended at 7.00 pm)

**CHAIRMAN**