

## **MID DEVON DISTRICT COUNCIL**

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

### **Present**

**Councillors** R Evans (Chairman)  
Mrs J B Binks, Mrs C Collis, T G Hughes and R F Radford

### **Apologies**

**Councillors** R M Deed and L D Taylor

### **Also Present**

**Councillors** R J Dolley and Mrs J Roach

### **Present**

**Officers** Andrew Jarrett (Director of Finance, Assets and Resources),  
David Curnow (Deputy Head of Devon Audit Partnership),  
Catherine Yandle (Group Manager for Performance,  
Governance and Data Security) and Sarah Lees (Member  
Services Officer)

### **Also in**

### **Attendance**

G Daly, A Davies and S Johnson

## **38. APOLOGIES**

Apologies were received from Councillors R M Deed and L Taylor.

## **39. PUBLIC QUESTION TIME**

There were no members of the public present.

## **40. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

- a) He had recently attended some training for Audit Committee members at Haynes Motor Museum. Having listened to a number of speakers during the day he was satisfied that as the Mid Devon District Council Audit Committee it was fully complying with its constitutional role and function. The 'hot' topics outlined at the training had been issues in relation to IT and ransom ware. Briefings had been provided to Members in this authority on both subjects. Examples were provided of instances where things had not quite gone to plan in some authorities but this was presented to delegates in terms of learning lessons and developing best practice guides.
- b) He had also recently attended a Devon Audit Partnership meeting on behalf of the Committee. He had circulated the meeting documents to Committee members. The full decision making element of their role would commence in March 2018. This particular meeting had provided an opportunity for discussion around the remit of the partnership.

#### 41. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 19 September 2017 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

#### 42. PERFORMANCE AND RISK 2017/18 (00:06:00)

The Committee had before it, and **NOTED**, a report \* from the Director of Corporate Affairs & Business Transformation providing Members with an update on performance against the Corporate Plan and local service targets for 2017/18 as well as providing an update on the key business risks.

Since the report had been published updated data was now available in relation to the following:

- The new transfer station at Carlu Close would be fully operational by December.
- The number of empty homes brought back into use had now well exceeded the annual target of 25.
- MDDC had recently hosted a Landlord Networking event which had been well attended and received and the Involve AGM.

Discussion took place with regard to:

- Confusion regarding the data in relation to the number of complaints received. The Group Manager for Performance Governance and Data Security stated that she would investigate and provide clarification following the meeting.
- It was confirmed by the Director of Finance, Assets & Resources that the Palmerston Park and Birchen Lane developments would be completed before the end of the following financial year. There had been some issues with contractors and the quality of work but he confirmed that the sites were now progressing.
- The increasing number of speculative developments taking place as a result of a delay with the Local Plan.
- Risks in relation to Plant Rooms currently had a severity risk of 4 and a likelihood of 3, however, the Leisure Centre Manager was well aware of the risks and had mitigated for this. The Committee requested that they receive a review note in relation to this next time.
- Uncertainty in relation to Business Rates and how much the Council would be able to retain in the future.
- Risk of stress and the impact upon the health and wellbeing of Housing officers and Legal Services staff. The Committee requested that a watchful eye be kept on this as an area of concern and that they receive a review note in due course.
- It was stated that just because a tenant might have complex needs this need not necessarily have a direct impact upon Housing officer's workloads. It might be that the tenant had an alternative care package in place. Again, the Committee requested that a review note be provided next time.

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

43. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN (00:37:13)**

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 made against the Annual Governance Statement 2016/17 Action Plan.

It was explained that two actions on the plan were overdue and were being re-scheduled, however, eight items were completed with four not yet due.

Consideration was given to:

- The Staff Charter which had now been launched, with the Director for Corporate Affairs and Business Transformation attending team meetings.
- More benchmarking was needed in relation to certain service areas, for example, grass cutting.
- The Group Manager responsible for the successful operation of General Data Protection Regulations (GDPR) confirmed that there had been a 93% response rate in relation to information received from officers for the Asset Registers, 71% of data flow maps had been completed and 21% of service areas had completed their forms review. A project board had been established and had been meeting for over 4 months and staff training had commenced. A revised Data protection Policy would be on the Cabinet agenda for 5 April 2018 in order to comply with all necessary legislative timescales.

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

44. **INTERNAL AUDIT PROGRESS REPORT (00:42:52)**

The Committee had before it, and **NOTED**, a report \* from the Devon Audit Partnership Audit Manager updating it on the work performed by Internal Audit for the 2017/18 financial year.

The Audit Manager explained that the report had been presented to the Committee in two different formats but he intended to take them through the revised version as it was considered by many clients to be more informative, accessible and quicker to read. He requested that the Committee indicate at the end of the item which format they preferred and which one they would like to receive in the future.

Discussion took place regarding the following areas within the new format report:

- The expectations of the Audit Committee were clearly set out.
- Opinion Statements were the key components to the progress report providing assurance where necessary to the Committee. The different levels of assurance were explained.
- The management controls for maintenance, monitoring and performance management of risk in relation to Housing, Health and Safety and Environmental Health required improvement.

- It was confirmed that the dates by which audit recommendations ought to have been actioned were agreed at the end of each audit between the audit team and the service manager.
- Changes to the Audit plan had been agreed by management in relation to the following:
  - Housing Options would be deferred to the last quarter.
  - Street Cleansing would be replaced by a Leisure Centre financial procedures audit.
  - The Grounds Maintenance audit would be replaced by a PCI (Payment Card Industry Standards) audit.
  - Further support would be provided for investigations
- Fraud detection and prevention reviews were on going.
- Future reporting on individual audits would be provided as a shortened executive summary in future with a summary of recommendations and a symbol provided in terms of the Direction of Travel.
- Sub-contractors would continue to undertake work in relation to testing for gas and electrical faults, asbestos and legionella whilst at the same time consideration being given to setting up an in-house team to deliver the same professional standard inspections but at a lower cost.
- It was requested that headings be repeated on each page so as to avoid any confusion.

It was **AGREED** that the new style of reporting was preferred. It avoided duplication and was more visually informative. The Committee requested that it received the new report format in future.

It was further **AGREED** that the Director of Finance Assets & Resources would provide a further update to the Committee at the next meeting regarding all the 2016 outstanding audit recommendations.

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

#### 45. **EXTERNAL AUDIT PROGRESS REPORT (01:15:03)**

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.

The following was highlighted within the report:

- An Audit Plan would be issued in the New Year.
- The approach regarding Value for Money work was explained.
- Over the coming months there would be discussion around the Council's Special Purpose Vehicle, the retention of Business Rates, the Council's Medium Term Financial Strategy and future sustainability.
- Regarding the procurement of external audit services, Grant Thornton had successfully bid and been awarded 41% of the local government market including Mid Devon District Council.
- Grant Thornton publications which might be helpful to the Council when considering alternative methods of service delivery.

Following this the Engagement Lead informed the Committee that Steve Johnson, who had been the Audit Manager for 9 years, would be attending the Committee for the last time. It was good practice within the industry to rotate audit managers and it was now time for Steve to change his area of remit. The new Audit Manager who would attend the Committee in future would be Andrew Davies.

The Engagement Lead personally thanked Mr Johnson for the support and advice he had given her. She had relied on his historical knowledge of Mid Devon District Council during her time as Engagement Lead. The Director of Finance, Assets & Resources also thanked Mr Johnson for many years of hard work and co-operative working.

Finally, the Chairman of the Committee stated that Mr Johnson must have seen many changes to the authority over 9 years, he hoped that many of these were for the better. Both he as Chairman and the Committee, had, at times, required complex explanations being unqualified as auditors or accountants themselves and Mr Johnson had always excelled at this. The work that he and his colleagues did was absolutely essential to the Council as was the assurance they provided to the public. The Committee wished him well for the future.

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

#### 46. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING

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

- Grant Thornton's Audit Plan

(The meeting ended at 6.55 pm)

**CHAIRMAN**