

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 23 January 2018 at 5.30 pm

Present

Councillors

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

Also Present Officers

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

Also in Attendance

Andrew Davies (Grant Thornton)

47. **APOLOGIES**

There were no apologies for absence.

48. **PUBLIC QUESTION TIME**

There were no members of the public present.

49. **MINUTES OF THE PREVIOUS MEETING**

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

50. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

- a) The next meeting of the Devon Audit Partnership (DAP) would be held on 7 March 2018 and this would be the first meeting where Mid Devon District Council would have a vote.
- b) He wished to remind the Committee that as a body it was not political, it was independent and provided assurance to the rest of the Council.

51. **PERFORMANCE AND RISK FOR 2017-18 (00:03:15)**

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.

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

- **The number of working days lost due to sickness** – the Health and Safety Committee had recently reviewed national and local statistics in relation to this issue. There had been concern at their meeting that stress and mental health issues had accounted for 20% of the total days lost and that long term absences accounted for nearly two thirds of absences. The Council had maintained an average of 8 days, per person, per year, over a period of 8 years. The Human Resources professional body (CIPD) cited an average nationally of 2.9% of working time lost, the Council lost an average of 2.6% and was therefore slightly lower meaning that the Council was roughly in line with its peers.
- **The response to FOI requests still being well below target** – it was explained that there had not been a dedicated member of staff covering this area between July and December of last year and that someone was now in post and catching up.
- The Director of Finance, Assets and Resources confirmed that he was confident that the percentage of **Council Tax** collected by the end of the 2017/18 financial year would be 98.12%.
- **Number of Car Park vends** – the question was asked as to whether it would be more advantageous to know the actual amount of income received rather than just vends. It was explained that both sets of information were helpful and it was **AGREED** that both sets of data would be included in the report in the future. The Director of Finance, Assets & Resources was informed that the Multistorey Car Park was still making a charge for debit card payments despite the fact that this had been due to cease the previous weekend. He agreed to look into this as a matter of urgency and report back to the Committee.
- **Number of empty shops**– why was this and had business owners been approached as to their views on why this was? Discussion took place regarding whether this was related to high rents, lack of footfall and within Cullompton particularly unhelpful road infrastructure. The situation did not seem to be improving despite the allocation of some Portas money for town centres. The Chairman **AGREED** that he would raise this as a matter of concern with the Cabinet.
- **The number of empty homes brought back into use**- this was well above target and the Private Sector Housing Team were congratulated for the extensive work they had recently undertaken in this area.

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

52. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT AND ACTION PLAN (00:24:50)**

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.

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

- With regard to balancing feedback from more active stakeholder groups to ensure inclusivity and the need to have processes in place for dealing with competing demands on the budget from the community it was explained that a

new Communication & Consultation Manager had been appointed to address these and other issues. However, she was very new in post therefore the deadline for addressing these particular issues had been moved from December 2017 to March 2018.

- A lot of work was happening in relation to GDPR.

Discussion took place with regard to ethics awareness in staff induction training and it not specifically being included at the present time although expected behaviours were included. A new training module was being written which would address this issue.

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

53. **FINANCIAL REGULATIONS REVIEW (00:30:37)**

The Director of Finance, Assets & Resources explained that the Regulations were last reviewed 3 years ago and since then only minor tweaks had been needed in relation to such matters as job titles. However, a new Group Manager for Finance would be starting on 1 February 2018 and a review of the Financial Regulations would be a useful learning experience for her. It would also provide an opportunity for a fresh pair of eyes to look at this important document. Following her review, a report with tracked changes, would be brought to the March meeting of the Audit Committee.

54. **INTERNAL AUDIT PROGRESS REPORT (00:32:28)**

The Committee had before it, and **NOTED**, a report * from the Deputy Head of the Devon Audit Partnership monitoring the progress and performance of Internal Audit.

The following was highlighted within the report:

- The internal control framework could not possibly mitigate risk for everything the Council undertook but it should be able to provide significant assurance that satisfactory arrangements were in place.
- There were some areas of commonality in terms of audit results. For example, reconciliation of control accounts, completeness of processing and accuracy or error had received comment in some areas in the last progress report and were evident again in the recent reports on income, payroll and alarm care. However, no material issues had been identified to date.

Discussion took place with regard to:

- The Electoral Services internal audit which had achieved a 'high standard' assurance opinion. The Committee wished for their thanks and gratitude to be conveyed back to the Electoral Services team.
- The control framework within the Payroll area was working well.
- The Progress Report Appendix 1 was still showing 6 medium outstanding recommendations from 2015, 4 of which were coloured red. The Chairman stated that if these were no longer applicable they should be removed from the list. If they were still applicable they should be resolved as soon as possible. The Director of Finance, Assets & Resources stated that he would bring a full

update on the position regarding outstanding recommendations to the next meeting.

- Issues in relation to Planning Enforcement had been due to staffing issues and the need for a new framework of controls to address previous problems. The Cabinet had also very recently discussed the Local Enforcement Plan which had had an impact. Arrangements to address this were in hand and the Leadership Team would be monitoring the situation.

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

55. **INTERNAL AUDIT CHARTER AND STRATEGY 2018-19 (00:48:50)**

The Committee had before it a report * from the Devon Audit Partnership presenting the Committee with the Internal Audit Charter and Strategy.

It was explained that one of the requirements of the Public Sector Internal Audit Standards (PSIAS) was that the purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.

The Charter and Strategy were briefly considered in turn: It was therefore:

- a) **RESOLVED** that the revised Internal Audit Charter be approved.

(Proposed by the Chairman)

- b) **RESOLVED** that the revised Internal Audit Strategy be approved.

(Proposed by the Chairman)

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

56. **GRANT THORNTON- AUDIT PROGRESS REPORT AND SECTOR UPDATE (00:53:06)**

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

It was explained that the final accounts audit was due to begin on 1 June 2018 with findings reported to the Audit Committee at their special meeting in July 2018. This earlier deadline had represented a challenge in some other local authorities but had been achieved by this Council for the previous two years. The Director of Finance, Assets & Resources was confident this earlier deadline could be achieved again given that there had been very few statutory changes and the Finance department would have more staff resource.

Reference was made to the Value for Money assessment, the Housing Benefit Claim (which would be completed by the end of November 2018) and a list of important dates in relation to the overall external audit. The Committee's attention was also drawn to a sector led update providing a summary of emerging national issues and developments to support the Council.

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

57. GRANT THORNTON - CERTIFICATION WORK (00:58:20)

The Committee had before it, and **NOTED**, a letter * from Grant Thornton outlining their certification work for the Council for the year ended 31 March 2017.

A number of issues were referred to which had been identified as a result of the certification work, however, it was explained that almost all local authorities had some issues identified that would be brought to their own committees with responsibility for Governance, therefore this was not unusual.

Reference was made to one case where the software system had not correctly treated a claim and the software company had been unable to provide a fix for the issue. The question was asked as to whether the software company would be liable for any additional costs in relation to this. The Director of Finance, Assets & Resources stated that if this were to be the case he would certainly take this up with them.

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

58. GRANT THORNTON - EXTERNAL AUDIT PLAN (01:02:40)

The Committee had before it, and **NOTED**, a report * from Grant Thornton providing it with an overview of the planned scope and timing of the statutory audit of the Council.

Significant risks requiring specific audit consideration such as:

- The revenue cycle including fraudulent transactions
- Possible management over-ride of controls
- Valuation of property, plant and equipment
- Valuation of pension fund net liability

The concept of materiality was outlined as was the testing of Financial Resilience in relation to Value for Money risks.

It was confirmed that the planned audit fees would be £47,700 for the financial statements audit and £6,908 for the certification of the housing benefit subsidy.

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

59. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:13:48)

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

- Update report on the outstanding Internal Audit recommendations
- A report reviewing the Financial Regulations

(The meeting ended at 6.55 pm)

CHAIRMAN