

## **MID DEVON DISTRICT COUNCIL**

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 20 March 2018 at 5.30 pm

### **Present**

#### **Councillors**

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

### **Apology**

#### **Councillor**

T G Hughes

### **Present**

#### **Officers**

David Curnow (Deputy Head of Devon Audit Partnership),  
Joanne Nacey (Group Manager for Finance), Catherine  
Yandle (Group Manager for Performance, Governance and  
Data Security) and Sarah Lees (Member Services Officer)

## **60. Apologies**

Apologies were received from Councillor T G Hughes.

## **61. Declaration of Interests under the Code of Conduct**

There were no declarations of interest given.

## **62. Public Question Time**

There were no members of the public present.

## **63. Chairman's Announcements**

The Chairman stated that he and Cllr R F Radford had attended the Devon Audit Partnership (DAP) meeting at Devon County Council on 7 March. They had attended as observers for the final time. The next meeting would be held on 20 June and as Mid Devon representatives they would have a vote.

At the meeting on 7 March they had heard about how DAP were looking into diversifying their product range around assurance. They would be looking to work with housing associations thereby expanding their skill base.

The Chairman informed the Committee that Devon County Council had agreed to increase their audit fee budget so that the issue of 'risk' could be assessed more broadly. He had contacted the Director of Finance, Assets and Resources at Mid Devon District Council to try to understand what the value of doing this was perceived to be and was there any merit in this authority doing the same? He stated that he would report back to the Committee.

#### 64. **Minutes of the previous meeting**

The minutes of the meeting held on 23 January 2018 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

#### 65. **Performance and Risk (00:04:50)**

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 2017-18 as well as providing an update on the key business risks.

Discussion took place with regard to:

- Street scene figures for 2017/18 were comfortably on target to reduce the net cost of waste collection per household by 20% by 2019/20 which was a real achievement especially considering residual waste had been reduced by 18% and the recycling rate increased by 5% at the same time. The Committee requested that their thanks and gratitude to the service be fed back to the officers concerned.
- The number of businesses assisted was on target at 195 as at the end of December 2017 against an annual target of 250. It was explained that the Economic Development team were actively promoting this service through such contacts as the Mid Devon Business Forum and the Federation of Small Businesses.
- The comment was made that the figures reported did not seem to record commercial waste, only household waste. It was explained that household waste figures were monitored nationally, however information on trade waste was collected and this could be included next time. It was further explained that within its benchmarking group Mid Devon District Council was recycling more household waste than some of its comparators for the previous quarter.
- 35% being the national figure for affordable housing on housing developments, however, Mid Devon was only achieving 21% on some recent applications. It was explained that this situation was replicated nationally. A situation currently existed whereby once a planning application had been granted developers were within their rights to argue that it was not viable for them to complete a development unless they could reduce the percentage of affordable homes.
- The effect of welfare reform on rent collection had been expected therefore collection targets would not be quite so challenging next year, however it was explained that figures usually improved towards the end of the financial year.

The Committee wished for their thanks and congratulations to be passed on to the Private Sector Housing Team for bringing 111 empty homes back into use against a target of 25.

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

66. **Risk and Opportunity Management Strategy (00:24:45)**

The Committee had before it a report \* from the Group Manager for Performance, Governance and Data Security presenting it with the updated Risk & Opportunity Management Strategy for approval.

This was the annual review of the Strategy and this year there had been no suggestion to change the risk appetite/ tolerance, this was best summarised as 'the amount of risk an organisation was willing to seek or accept in pursuit of its long term objectives'.

The report presented the tracked changes since the last review and included some minor amendments in relation to job titles and removal of the scoring section which is now in the appended Risk Manager guidance document. The Committee's attention was drawn to the day to day risk guidance given to managers. It was hoped that this would reduce inconsistencies in the future.

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

(Proposed by the Chairman)

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

67. **Progress Update on the Annual Governance Statement Action Plan (00:28:15)**

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 officer explained that it was now very near to the end of the financial year. Some dates on the Action Plan had had to be amended through the course of the year and some items were not yet complete and may appear on the Annual Governance Statement for next year.

It was further explained that items 10 and 11 in relation to balancing feedback from more active stakeholder groups with other stakeholder groups was still an issue but this had now been passed to Group Managers who would not be meeting again until April. A gap analysis against GDPR had identified areas which needed improvement but this was on track to be completed by May 2018. Revised terms and conditions were being rolled out to suppliers in the next few weeks.

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

68. **Debt Collection Policy (00:31:23)**

The Committee had before it a report \* from the Group Manager for Financial Services presenting it with the updated Debt Collection Policy for approval.

The officer explained that the policy had not been updated since 2014 so a review had been due in order to make sure that the policy complied with current legislation. The Group Manager for Finance had worked with Legal Services in order to ensure

the policy was fully compliant and fit for purpose. Once approved the revised policy would be rolled out to the necessary service areas and regular checks would be made to ensure the policy was being adhered to.

**RECOMMENDED** to the Cabinet that the updated Debt Collection Policy and associated Appendices be approved.

(Proposed by the Chairman)

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

69. **Audit Progress Report 2017-18 (00:33:55)**

The Committee had before it, and **NOTED**, a report \* from the Deputy Head of the Devon Audit Partnership updating the Committee on progress to date within the work plan of the Internal Audit team.

The officer provided a brief summary of the report paying particular reference to the following:

- No material issues had been identified in the core audits to date but reconciliation of control accounts had received comment in some areas in the last progress report and were still relevant within this latest report. Management had agreed all remedial actions in relation to this.
- There were no specific issues to bring to the Committee's attention in relation to systems audits.
- The Internal Audit Team had received positive feedback from service areas in relation to the conduct of their audits,
- A summary of the audits undertaken since the last progress report were showing a 'good standard' as the assurance opinion and the direction of travel was positive.
- The area of trade waste was amber in colour which meant that agreement of an action plan had been delayed or the audit team were aware that progress had been hindered.
- Since the agenda for this meeting had been published the number of overdue outstanding audit recommendations had reduced from 31% to 16%.

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

70. **Update on outstanding Internal Audit recommendations (00:45:20)**

The Committee had requested at the last meeting that they receive an update regarding outstanding audit recommendations.

The Committee were in receipt of a summary of audit recommendations from 2016 which were medium risk showing what action had been taken and what action still needed to take place.

The Chairman stated that in addition to these there were still 5 overdue high risk recommendations from 2017 and 4 medium risk recommendations showing for 2015. He requested that a decision be taken as to the relevance of these given the time frame and asked that Leadership Team assess these in discussion with the relevant

managers to either seek a final resolution or remove them from the listing as clearly they may no longer be relevant.

He further requested that a thorough update be brought to the next meeting of the Committee and this was **AGREED**.

**71. Internal Audit Plan 2018-19 (00:48:00)**

The Committee had before it a report \* from the Head of Devon Audit Partnerships setting out the Internal Audit Plan for 2018-19 and seeking its approval.

The Deputy Head of the Devon Audit Partnership outlined the contents of the report by making reference to the fact that the plan needed to be flexible in order to change with shifting priorities and audit findings throughout the year. Core work would be streamlined to facilitate a review of a wider range of risks. Areas such as cyber security and transactional integrity would have a key focus. Over the next four years a lot would change in terms of the focus in internal audits. System walkthroughs would still be undertaken and if it was found that a system was doing what it was supposed to do and no issues had been identified then the focus of further work would change.

The officer was congratulated for the format of the report.

**RESOLVED** that the Internal Audit Plan for 2018-19 be approved.

(Proposed by the Chairman)

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

**72. Grant Thornton - External Audit Progress Report and Sector Update (01:00:53)**

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

This was the standard update report but also included the results of the interim audit work for 2017/18. No significant issues had been identified in either the financial statements or value for money interim audit.

It was explained that they had performed a high level review of the general IT control environment as part of the overall review of the internal controls system. In 2016/17 they had reported two IT deficiencies around weak password management and review of information security logs. They had been waiting for an update as to whether the recommendations in relation to this had been implemented. The Group Manager for Finance confirmed that they had and that she would submit formal notification of this as soon as possible.

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

**73. Chairman's Annual Report for 2017/18 (01:06:05)**

The Committee had before it and **NOTED** a draft report \* by the Chairman on the work of the Committee since May 2017, a final copy of this report would be submitted to Council on 25 April 2018.

**74. Identification of items for the next meeting (01:06:25)**

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

- Update on outstanding audit recommendations.

(The meeting ended at 6.44 pm)

**CHAIRMAN**