

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 20 November 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 R Wright

Apologies

Councillor

L D Taylor

Present

Officers

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

40. **Apologies**

Apologies were received from Cllr L D Taylor who was substituted by Cllr R Wright.

41. **Declaration of Interests under the Code of Conduct**

There were no interests declared under this item.

42. **Public Question Time**

There were no members of the public present.

43. **Minutes of the previous meeting**

The minutes of the meeting held on 18 September 2018 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

44. **Chairman's Announcements (00:03:11)**

The Chairman had the following announcements to make:

- a) Both he and Cllr R M Deed had attended the joint DAP / South West Audit Partnership (SWAP) training events in October. Both commented that these had been very helpful and informative. Slides were available following the training but the Chairman had had some difficulty in forwarding these to Committee Members. The Clerk would investigate and forward the information as soon as possible to the rest of the Committee.
- b) Both he and Cllr R M Deed had attended the Devon Audit Partnership (DAP) meeting in November.

- c) Geri Daly from Grant Thornton would be moving away from auditing Mid Devon in the near future as part of a 5 year rotational appointment. She would attend the meeting in January with her replacement, Julie Masci, who was an Associate Director at Grant Thornton.
- d) He reminded the Committee that the Chief Executive would be present at the next meeting in January to discuss Planning performance.

45. Performance & Risk for 2018-19 (00:06:58)

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 and discussion took place regarding the following:

- The question was asked as to who had decided to place the 2 electric car charging points at each Leisure Centre and had this been advertised. It was explained that Property Services had had the charging points installed. As this was Council owned land it was seen as a positive initiative and one way or reducing the Council's carbon footprint.
- The reporting of affordable housing figures.
- There had been a very slight increase in the percentage of missed collections logged during the summer months. This had been due to staffing issues and the use of agency staff who were perhaps not as familiar with some parts of the District. However, there had been a recent recruitment exercise.
- The Council was also performing well in terms of rent collection during times of financial hardship.
- The Council was performing well in terms of the number of business rate accounts and the number of businesses assisted. However, there was still a comparatively high number of empty shops so whilst there was success in one area there was a challenge in another.
- Of the high risk food premises inspected, 85% were complying with food safety law. 'Scores on the Doors' was a separate issue and was reported annually.
- A plan to reduce the number of working days lost due to sickness had been discussed by the Leadership Team in October. This would continue to be monitored by them and through the Annual Governance Statement Action Plan.
- The disclosure arrangements for the new wholly owned 3 Rivers Development Company were posing technical accounting questions. The Finance department had enlisted the help of a technical expert who was paid a flat fee for advising the Council and therefore this had not incurred any additional costs. The Council would ensure that it maintained an arms-length relationship with the company and would not allow them any competitive advantage.
- The 3 Rivers Development Company would have to manage its own risks, these were explained as being completely separate to those of the Council.
- An audit would be undertaken of the 3 Rivers governance arrangements shortly.

- The risks in relation to Asset Management. It was explained that the scores in relation to this risk needed to be amended to say '5' for the current risk severity and '3' for current risk likelihood.
- A review note was needed with regard to the Culm Garden Village. There was a financial risk if the bid for capacity funding failed as costs were already being incurred. It was explained that the mitigation would be for the Council to use other funds. The Group Manager for Finance confirmed that she would provide a review note to add assurance.
- It was noted that there were a lot of missing review notes in the Street Scene area. It was requested that this be reflected back to the manager and that review notes appear in future.

The Committee requested that they receive further information regarding the following:

- The completion date for the Birchen Lane development.
- Usage levels regarding the electric charging points at the Leisure Centres.
- That the slides presented by the Deputy Chief Executive (S151) at the 3 Rivers Development Company briefing be circulated to the Committee following this meeting.
- Details regarding a claim against the Council regarding losses and damages from a previous contractor at the Palmerston Park development.

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

46. **Progress update on the Annual Governance Statement Action Plan (00:55:15)**

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 2017/18 Action Plan.

Discussion took place regarding the planning system which was now being reconciled with the financial system. An updated database of S106 records had now been put in place and it was anticipated that this new specialised software would provide an overview of the 'trigger points' for all of the S106 agreements. However, it was unlikely that the new system would be able to identify the social housing nominated to local people in perpetuity.

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

47. **Anti-fraud and Corruption and Anti-Money Laundering Policies (01:02:25)**

The Committee had before it, a report * from the Group Manager for Governance and Data Security presenting it with the reviewed and updated policies for Anti-Fraud & Corruption and Anti-Money Laundering.

It was explained that the changes to these policies had been very minor in nature and related to job titles not updates with regard to legislation.

A brief discussion took place regarding 'whistleblowing' within the Council. It was confirmed that there had been no instances of whistleblowing in the past few years.

RESOLVED that:

- (i) The revised and updated Anti-Fraud & Corruption and Anti-Money Laundering policies be approved;
- (ii) The Group Manager for Performance, Governance and Data Security be given delegated authority to make minor amendments to these policies e.g. to job titles.

(Proposed by Cllr Mrs J B Binks and seconded by Cllr R M Deed)

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

48. Data Quality Policy (01:05:35)

The Committee had before it a report * from the Group Manager for Governance and Data Security presenting it with the Data Quality Policy and Data Quality Standards.

RESOLVED that the revised Data Quality Policy and Data Quality Standards be approved and that the next review of the policy take place in 4 years' time.

(Proposed by the Chairman)

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

49. Internal Audit Progress Report 2018-2019 (01:08:09)

The Committee had before it, and **NOTED**, a report * from the Head of the Audit Partnership providing an update on work within the Internal Audit area.

Consideration was given to:

- Overall, based on work performed during 2018/19 and experience from the current year progress and previous years' audit, the Head of Internal Audit's opinion was of 'Significant Assurance' on the adequacy and effectiveness of the Authority's internal control framework. 'Full Assurance' could only be achieved by employing more staff in the Internal Audit area.
- Findings of particular interest included the opportunity to improve management level control particularly in performance monitoring which had received increased focus from the Leadership Team.
- The proposed audits to be deferred to the next years audit planning process were the job evaluation system, Culm Valley project, benefits realisation reporting and the asset management plan.
- It was **NOTED** that of the three audits completed they were all of a 'Good Standard'.
- There was still a number of outstanding audit recommendations in the high risk column relating to audits conducted in 2015. The Committee requested that these be resolved as soon as possible.
- Assurance mapping and the '3 lines of Defence Model'. It was explained that this was a pictorial way of seeking further assurance from a particular area. The first line of defence would come from the people on the ground doing the work. The second line of defence consists of activities covered by several components of internal governance e.g. other control departments such as

Finance. The third line of defence would come from internal audit and then there is external audit as well as the regulator. It was further explained that this type of mapping should come from within the authority itself, ideally from Group Managers up to Leadership Team. It might also be possible to link this kind of mapping into the Risk Register. It was **AGREED** that an item be placed on the agenda for the next meeting regarding assurance mapping where this could be discussed in further detail.

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

50. **External Progress Report and Sector Update (01:30:03)**

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.

- They would be commencing their planning for the audit shortly and an audit plan would be brought to the Committee for their January meeting.
- They were currently in the process of certifying the housing benefit return. The claim was likely to be amended as some errors had been found, however, these were not of a significant nature.
- The Committee's attention was drawn to Grant Thornton's recent report regarding 'Local Government Authority Trading Companies'. This publication brought together their experience in this area and set out some potential pitfalls. Some of these pitfalls related to governance arrangements, the need for assurance and to maintain an arms length relationship. It was **AGREED** that Members attention be brought to this publication via WIS.

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

51. **Identification of items for the next meeting (01:37:55)**

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

- Assurance Mapping

(The meeting ended at 7.15 pm)

CHAIRMAN