

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 27 January 2015 at 6.00 pm

### **Present**

**Councillors:** R Evans (Chairman)  
M D Binks, R M Deed and F R Rosamond  
(Vice Chairman)

### **Apology**

**Councillor:** R Wright

### **Also Present**

**Councillor:** P H D Hare-Scott

### **Also Present**

**Officers:** Andrew Jarrett (Head of Finance), Amy Tregellas (Head of Communities and Governance and Monitoring Officer), Catherine Yandle (Internal Audit Team Leader) and Sarah Lees (Member Services Officer)

### **Also in**

**attendance:** S Johnson (Grant Thornton)

## 63. **PUBLIC QUESTION TIME**

There were no members of the public present at the meeting.

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

The Minutes of the Special Meeting held on 10 December 2014 were approved as a correct record and **SIGNED** by the Chairman.

## 65. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

## 66. **WASTE PERFORMANCE - 2014/15 (00:02:05)**

The Committee had before it, and **NOTED**, a report from the Head of Finance updating them on Waste performance during 2014/15.

At the meeting on 23 September 2014 the Committee had requested that more information be provided to them on route optimisation and missed collections. The Head of Finance summarised the rationale behind the route optimisation scheme and the proposed new Waste and Recycling scheme. When the budget for Waste was set for 2014/15, it had included circa £65k of savings that were estimated to be delivered once the new routes were implemented from the findings of the new route optimisation. These savings were based on the removal of 4 rural rounds and related to savings on vehicle mileage repairs, maintenance and labour. It was established

fairly soon after removing these rounds that this was not going to be operationally practical and soon after the new changes had been implemented, the rounds had to be re-commenced and hence the Council had not been able to deliver this estimated saving.

Discussion took place regarding:

- The negative effect on the Council's reputation due to missed collections in 2014 and a perceived loss of faith in the Council's waste service at that time;
- The lessons that could be learned for the future, for example, not just relying on software tools but also talking to the waste operatives themselves who had the knowledge 'on the ground'.

**67. PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN (00:14:01)**

The Committee had before it, and **NOTED**, a report \* from the Head of Communities and Governance providing them with an update on progress made against the 2013/14 Annual Governance Statement Action Plan.

Discussion took place regarding:

- Performance Management guidance would be brought to the Audit Committee meeting on 24 March 2015.
- The Emergency Plan was currently being rewritten.
- The Council needed to be better at succession planning.
- A report from the Constitution Working Group presenting the amendments needed to the Constitution for the new Council would be presented to full Council on 29 April 2015.
- New Member training had already been booked for the induction programme commencing after the election.

**68. INDEPENDENT REVIEW OF INTERNAL AUDIT AGAINST THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) (00:20:56)**

The Committee had before it a report \* from the Head of Communities and Governance (HoCG) providing them with details of the independent review undertaken which assessed the Internal Audit Service against the criteria in Public Sector Audit Standards (PSIAS).

The consultant had given a very good opinion on the Internal Audit Service, however, discussion took place regarding a few areas of concern which had been highlighted within the independent report:

- IT Auditing – the Committee were informed that the Internal Audit Team Leader was looking at an alternative training module and would progress this shortly.
- It was confirmed that risk assessments were carried out against all audits it was just that they had not been reported within the Audit Plan.
- Whilst the Internal Audit team managed and oversaw the SPAR performance management software, they did not directly input data into the system

themselves, this was the responsibility of service managers. Therefore this was considered a minor risk and this was echoed by the external auditor.

**RESOLVED** that the contents of the external consultant's report in respect of the review of Internal Audit against the Public Sector Internal Audit Standards be endorsed.

(Proposed by the Chairman)

#### 69. **INTERNAL AUDIT PROGRESS REPORT (00:36:00)**

The Committee had before it, and **NOTED**, a report from the Internal Audit Team Leader updating them on the work performed by Internal Audit for the 2014/15 financial year. The Committee were informed that all core audits would be completed by 31 March 2015.

Discussion took place regarding each of the Internal Audit reports Committee Members had received since the last meeting:

##### Car Park income

It was confirmed that the Council only collected the income for the Tiverton Hospital site, it did not retain this income.

There was a mis-match between the actual cost for an annual long stay car park permit and the decision of the Cabinet Working Group compared with the information given on the website. This needed to be corrected as soon as possible.

##### VAT

There had been a mistake in the calculation of Input VAT in the leisure area for 2011/12. The recommendation, which had been agreed by the Head of Finance, was that VAT calculations be checked by a qualified accountant before submission to HMRC in future.

##### Time Recording

- Not all Council employees could use the Wintime system. For example, repairs and maintenance officers and waste operatives worked under job and finish arrangements;
- The Head of Communities and Governance informed the Committee that where an officer failed to clock out for lunch they were deducted 1 hour from their flexitime, this had the effect of ensuring officers record their time over the lunchtime period correctly. Also as well as receiving monthly reports, managers could also access the system at any time to see what times were being recorded against their members of staff;
- Some managers had not been receiving anomaly reports, this had now been corrected. In addition, after the Wintime upgrade, it would be up to managers to approve time reconciliations not Customer First.
- With the reduction in staff resource and the need on occasion for officers to work longer hours it might be possible in the future for officers to convert any flexitime over the existing limits to be converted into TOIL.

- The Council had to comply with government imposed changes to employment legislation, this was not optional.
- Flexitime could be a benefit to the business, for example, evening meetings.
- If Members had a problem getting through to speak to an officer then they needed to bring it to the attention of the Head of Service.

Discussion also took place regarding the outstanding high priority recommendations within the Audit Team Leader's report particularly in the area of Procurement. Concern was expressed that the post of Corporate Procurement Manager was not being back filled whilst the current post holder was on maternity leave. The Head of Finance had felt that the cost of filling this post temporarily could not be justified given the budget situation and he had felt that adequate arrangements existed to procure goods and services to cover this period before her return.

It was **AGREED** that a report be brought back to the Committee setting out the background and implications of flexible working arrangements.

#### 70. **INTERNAL AUDIT REPORTS (01:18:00)**

Discussion regarding Internal Audit Reports had taken place under the previous item.

#### 71. **DRAFT STRATEGIC AUDIT PLAN FOR 2015/16 (01:18:48)**

The Committee had before it, and **NOTED**, a report \* from the Internal Audit Team Leader presenting the Draft Strategic Audit Plan for 2015/16.

Discussion took place regarding the figure stated as the income for markets and whether this included an additional £50k recently identified as needing to be found. It was confirmed that the figure stated as £150k did not include this additional £50k.

#### 72. **PERFORMANCE AND RISK FOR THE FIRST TWO QUARTERS OF 2014-15 (01:22:35)**

The Committee had before it, and **NOTED**, a report \* from the Head of Communities and Governance providing it with an update on performance against the Corporate Plan and local service targets for 2014/15 as well.

Discussion took place regarding:

- The Council being in a better position to know whether it could meet the target of 20% for dry recycling once the results of the Waste and Recycling trial were known.
- It was confirmed that under the indicators for Decent and Affordable Homes, 'unlettable' days meant 'voids'.

The following position as at the end of quarter three was provided with regard to empty shops:

- 15 shops in Tiverton were empty which out of 244 represented 6.15%
- 10 shops in Crediton were empty which out of 118 represented 8.47%
- 15 shops in Cullompton were empty which out of 94 represented 15.96%

**73. CERTIFICATION REPORT 2013/14 (01:33:59)**

The Committee had before it, and **NOTED**, a report from the Council's external auditors, Grant Thornton, summarising their overall assessment of the Council's management arrangements in respect of the certification process and which drew attention to significant matters in relation to individual claims. It was confirmed that all claims had been submitted on time, there had only been one small error which had been easily amended.

**74. EXTERNAL AUDIT UPDATE (01:36:33)**

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.

Discussion took place regarding what control Members had over reserves being used to fund potential future redundancies. The Head of Finance explained that monthly monitoring reports to the Cabinet reflected the position with reserves and there would always be an opportunity for Members to comment and decide upon how these were used well in advance of any action taking place.

**75. PROTECTING THE PUBLIC PURSE - FRAUD BRIEFING 2014 (01:45:40)**

Grant Thornton provided the Committee with a presentation entitled 'Protecting the Public Purse – Fraud Briefing 2014'. The Committee were shown graphs depicting how Mid Devon District Council compared with their comparator group in relation to detected fraud cases in areas such as housing benefit, council tax, social housing and right to buy. No concerns were raised amongst the Committee members.

(The meeting ended at 8.00 pm)

**CHAIRMAN**