

Annual Report from the Chairman of the Audit Committee 2018 – 2019

As your chair of Audit it gives me great pleasure in presenting an outline of the work and discussions that your Audit committee undertook over the past Twelve months.

As with previous reports this is not a fully detailed report of Committee work, but an overview, should you dear reader wish to understand the full detail all Committee minutes are available for your information on the web pages.

May 2018

Positions of responsibility comes with two prerequisites, an agreement and determination to undertake them to the best of your ability and a humility that you have been asked by your peers is a privilege.

Therefor to have been voted as your Audit Chair was again a privilege and I thank the Committee for their support.

Cllr Collis was voted as the vice chair.

Members are aware internal audit provision is undertaken by the Devon Audit Partnership, (D.A.P) Committee were required to agree the two representatives for MDDC to attend the DAP meetings for the coming year, It is a general agreement amongst all partners that the chair of the attending authorities Audit committee will automatically be one and committee agreed that Cllr Bob Deed was voted as your second representative.

Committee had various reports to consider

- **The annual governance statement**

This now included the new staff charter

- **Internal Audit report**

This gave details of work undertaken and concluded that the Authority as a whole maintained significant assurance and significant effectiveness in its work

- **Outstanding audit recommendations**

Further progress was reported against outstanding actions

- **Draft report and accounts**

No issues reported to prevent final report to be ready for the required deadline

- **External audit reports (Grant Thornton)**

Report indicated the authority was seen as offering Value for money , an important measurement of any authority's performance, we were also informed that the fee for Grant Thornton, that is set by the public sector Audit Appointments Ltd was to be £36,729.00

Finally it was agreed meetings should continue to be held at 17:30 .

July 2018

This meeting was brought forward given the excellent work undertaken by all parties, Grant Thornton, D.A.P. along with our own staff in all departments and financial officers in ensuring all documents were finalised.

The timing of the meeting was to once again allow MDDC to be one of the first Authority's in the UK to submit their accounts, a feat that should be celebrated by all members and staff alike.

The meeting started with the formal introduction of Mr David Curnow, David is the deputy head of DAP and the lead auditor for our internal audit partners working within MDDC.

- **The annual governance statement**

The annual governance statement is a required document under statutory guidance, the report was approved by committee and it was recommended that the chief executive and leader if the council could sign the document as required.

- **Annual report and accounts for 2016/17**

The committee had the final version of the annual accounts as presented by the director of finance assets and resources (section 151 officer) Mr Andrew Jarrett .

This report must be considered in tandem with the external auditors report from Grant Thornton.

After final deliberation the report was approved by committee.

- **Grant Thornton audit findings 2016/17**

The report was presented by the associate director of Grant Thornton Mrs Geraldine Daley who concluded that there final work had found no required adjustments and no challenges had been received.

The meeting was concluded by myself as chair stating I would be writing to all members of the finance team, individually thanking them for their continued hard work, enabling the council to submit their accounts on time and with a clean bill of health.

September 2018

The meeting opened with chairman's announcements, these included reminding members that committee had requested officers to prepare an all member briefing on 3 Rivers, this had been arranged for October 4th.

Committee were reminded that having raised concerns around development control performance, the chair was meeting with the leader, the portfolio holder, the chief executive and the head of planning the following day and would report back as required.

- **Performance and risk**

Committee noted the report

- **Annual governance statement**

Committee noted the report

- **Internal audit progress report**

Committee noted the report

- **Effectiveness of the audit committee**

Committee received a report from the Deputy Head of the Devon Audit Partnership considering the Chartered Institute of Public Finance and Accountancy (CIPFA) self-assessment checklist for Audit Committees.

This was designed for Members to acknowledge their performance in their role as the Audit Committee against the CIPFA checklist and to decide in which areas they have evidence of their effectiveness and which areas they would suggest could be developed further.

It was agreed that the committee would undertake the review

November 2018

Meeting opened Chairman's announcements , these included information that Cllr Deed and The chair had attended training events provided by Grant Thornton in October and both had also attended the DAP meeting held at Devon County Offices in November .

- **The committee received update reports performance and risk and the annual governance statement .**

Both were noted

- **Minor changes were considered to the anti fraud and corruption , the anti money laundering and the data quality policies.**

All were noted and agreed.

- **Internal audit progress report**

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.

- **External audit progress report and sector update from Grant Thornton.**

Committee received a report from Grant Thornton providing the Audit Committee with a report on progress in delivering their responsibilities as the Council's external auditors.

January 2019

To start, the Chairman stated that because of the need to rotate external auditors on a regular basis he had been due to meet with Geraldine Daly from Grant Thornton for the last time prior to the meeting to discuss the handover with her replacement Associate Director. However, due to illness Ms Daly had been unable to make the meeting. Ms Masci had been in attendance however and the Chairman stated that she would introduce herself formally to the Committee when the Grant Thornton items were reached on the agenda.

It is hoped that Geraldine will be attending the March meeting in order that the committee can give their thanks for Geraldine's work and assistance over the past 5 years, for many of the current committee Geraldine had been a permanent attendee.

- **Review of officer responsiveness to Members in Planning**

Members are reminded that within the September meeting 2018 the chair was due to meet with the Chief Executive, the leader, portfolio holder and head of planning to discuss committees concerns.

It was agreed at that meeting that the chief executive would attend this meeting to give his update.

Following the chief executives update a general discussion took place concluding that performance was seen to have improved over the past weeks.

- **Performance and risk**

As part of the report discussion took place against the MDDC recycling results compared with the UK national average figure.

It was explained that the recycling rate for the whole of England for 2017-18 was 44.8% (2016-17 45.1%). The Council's rates were 51.9% for 2017-18 (2016-17 53.3%) so exhibiting the same pattern (i.e. 2017-18 being lower than 2016-17) but with much better results.

- **Annual governance statement**

The committee noted the report and updates

- **Financial regulations review including amended 2018 financial regulations V2**

Various discussions took place regarding the amendments to the above and the importance that MDDC policies and working practices reflected the updates, it may interest members that there was also detailed discussion on the following ...

The significance of IR35 tax legislation to the Council and its operations.

When it came to the disposal of land, Ward Members were not always informed. However, the Chief Executive confirmed that disposal of land over 0.25 of a hectare was reported through CSAG (which had Member representation on it) and also the Cabinet. Officers needed to be reminded that anything under this amount needed to be reported to individual Ward Members.

- **Internal Audit progress report**

The Internal Audit Manager's opinion continued to be that there was 'Significance Assurance' on the adequacy and effectiveness of the Authority's internal control framework.

Core Audits were on track to be completed by the year end. There were no major concerns on controls although system user access controls were still not fully reviewed on staff changes.

Performance monitoring had received increased focus from Leadership Team.

- **Assurance mapping**

Committee discussed the concept and felt that it could get over complicated when they were essentially satisfied that adequate risks and mitigation measures were already in place. However, it was felt that this was something that needed further consideration by officers and the new Audit Committee following the election in May

- **Devon Audit Partnership review**

This item was requested by the chair, it was felt that after such a major change in provision that a brief review should be undertaken to ensure the change had been as expected, thus would be normal practice in all outside business reviews.

It was felt that the service was efficient and provided opportunity to feedback on areas which could be improved. Reports were timely, understandable and constructive. This could be seen as a 'dry' area, however, reports were delivered by the Deputy Head of the Devon Audit Partnership with enthusiasm and commitment. Mid Devon audit staff had had an opportunity to gain additional skills and the transition had gone well.

- **External audit plan , Grant Thornton**

Julie Masci introduced herself as the new Grant Thornton Engagement Lead for Mid Devon. She provided a brief summary of her professional background, relevant experience and the need for a rotation of staff within the professional framework.

She explained that Grant Thornton had a responsibility to express an opinion on the Council and group's financial statements as well as the Value for Money arrangements. The precise details of the level of audit work needed in relation to the 3 Rivers Development Company were not known at the moment but it was expected to be a high level review.

The report was noted.

- **External audit progress report and sector update**

The report was noted.

Conclusion.....

As ever I am grateful to all Committee members for their time and input, we must also give great credit to our internal and external Auditors for their tremendous work that allow reports to be received in a format that can be easily understood by non-qualified individuals, not an easy task.

Audit is a very particular committee and I guess a bit like marmite, however without the checks, challenges and observations from all concerned the Authority could not and would not run as it does.

Finally my personal and very warm thanks to our committee clerk, Sarah, without her guidance, reminders, and general keeping me in check the above would simply not happen.

Bob Evans
MDDC
Lower Culm
Chair of Audit