

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 23 June 2015 at 6.00 pm

Present

Councillors Mrs J B Binks, Mrs C Collis, R M Deed,
R Evans, F Letch and R F Radford

Also Present Officer

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 G Daly and S Johnson (Grant Thornton)

1. ELECTION OF CHAIRMAN FOR 2015/16

RESOLVED that Cllr R Evans be elected Chairman of the Audit Committee for the municipal year 2015/16.

(Proposed by Cllr R F Radford and seconded by Cllr Mrs C Collis)

2. ELECTION OF VICE- CHAIRMAN FOR 2015/16

As not all Members of the Committee were present it was **AGREED** to place this item on the agenda for the next meeting.

3. APOLOGIES

There were no apologies for absence.

4. PUBLIC QUESTION TIME

There were no members of the public present.

5. CHAIRMAN'S ANNOUNCEMENTS (00:03:30)

The Chairman had the following announcements to make:

- He was pleased that the size of the Committee had increased from 5 to 7 Members following the election in May as there had been occasions in the past when the Committee had been close to being inquorate.
- He informed the new Members that it was within their power as a Committee to hold to account any Heads of Service or the Chief Executive if there was something within an internal audit report that caused them concern, even if this involved holding a Special Meeting as had happened in the past.

6. **MINUTES OF THE PREVIOUS MEETING (00:04:30)**

The Minutes of the previous meeting held on 24 March 2015 were approved as a true and accurate record and **SIGNED** by the Chairman.

7. **PERFORMANCE AND RISK OUTTURN REPORT FOR 2014-15 (00:05:40)**

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

For the benefit of new Members to the Committee it was explained that the performance report was split into Portfolio Holder areas. The rationale between the risk matrix was also explained.

Discussion took place regarding:

- Figures in relation to residual household waste per head - the target that had been set for the year was 455.0kg per head, the actual figure for the end of the year had been 462.6kg per head meaning that more residual waste had been collected per person than the target. However, this was compared to 482.3 kg per head in the previous year, therefore the figures were moving in the right direction and it was felt that in hindsight the target may have been a little ambitious.
- The percentage of food premises inspections that should have been carried out for high risk premises was way below target. It was explained that this was due to an ongoing illegal meat case that had taken significant resources away from the food inspection programme. Recruitment was under way to appoint an Environmental Health officer to this area to alleviate some of the strain. Nevertheless it was felt that lack of resource in this area was alarming. Concern was expressed that one case was taking up so much time leaving the Council in a vulnerable position. Risks in this area could potentially have a significant impact. The Chairman stated that he would write to the relevant Cabinet Member and Head of Service outlining the concerns of the Committee.
- Working days lost to sickness absence – concern was expressed by the Committee that the figures quoted were twice the national average and were above the figure for last year. It was explained that out of a total of 4169 days lost, 2193 of those were attributable to long term absence. Again, the Chairman stated that he would write to the relevant Cabinet Member and Head of Service to pass on the Committees concerns.

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

8. **INTERNAL AUDIT OUTTURN REPORT FOR 2014/15 (00:27:45)**

The Committee had before it, and **NOTED**, a report * from the Audit Team Leader updating the Committee on the work performed by Internal Audit during the 2014/15 financial year as required by the Public Sector Internal Audit Standards.

Discussion took place regarding:

- The internal audit report regarding the Lords Meadow leisure centre had identified a weakness in terms of till and cashing up procedures, for example, till sessions where one user logs in and other members of staff use the same till without starting a new session. The Committee questioned whether it was practical for each user to have to log in and log out every time? It was explained that different leisure centres operated differently depending upon staffing but that CCTV was in place to monitor activity around the till areas.
- The Head of Business Information Systems regularly provided awareness training in the area of Data Protection and information security was constantly being promoted.
- Generally there had been an overall improvement and action had been taken in all the areas that had received a 'poorly controlled' opinion.

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

9. **INTERNAL AUDIT REPORTS (00:42:20)**

There were no further comments made by the Committee in relation to internal audit reports other than those made under the previous item.

In relation to the Main Accounting audit, the external auditors stated that the Government had brought forward the deadline for external auditors to have completed public sector audits to 31 July from 2017/18 onwards. This had created a significant amount of work for external auditors nationally in terms of planning work in order to meet this statutory deadline.

10. **ANNUAL GOVERNANCE STATEMENT (00:45:37)**

The Committee had before it a report * from the Head of Communities and Governance presenting it with the Annual Governance Statement for 2014/15 and accompanying action plan. It was stated that this document provided detailed comments on the Council's control environment and was presented to the Committee annually along with the financial accounts.

RESOLVED that the Annual Governance Statement be approved and signed by the Leader of the Council and the Chief Executive as per the statutory guidance.

(Proposed the Chairman)

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

11. **ANNUAL REPORT AND ACCOUNTS 2014/2015 (00:51:35)**

The Committee had before it a report * from the Head of Finance presenting the annual report and accounts to Members. It was explained that the Council was still heading towards 4 more years of austerity with continued likely reductions in formula grant. The Government would be releasing an emergency budget on 8 July, however, it would be unlikely to contain much detail as to how local authority budgets would be affected.

Other key highlights within the report related to the following areas:

- The General Fund balance had closed at £2.38m and the HRA at circa £2m.
- High capital spend during 2014/15 had been due to essential and long term maintenance of the Council's housing stock. It had also been due to building more Council houses, 22 at Wellparks, Crediton, 14 houses being brought back into use at St Andrews Street and 6 new houses at Fir Close in Willand.
- Regarding the Collection Fund, it had been a good year for Council Tax collection and Business Rates.
- Regarding investments there would be a need to look at other options in the coming year, for example, commercial property funds.
- A fifteenth dividend would be returned regarding the Heritable Bank investment meaning, in the worst case scenario, £22k would have been lost out of the £1.1m original investment.
- A detailed breakdown was provided showing transfers to and from ear marked reserves.

Discussion took place regarding;

- Figures in relation to redundancies - it was explained that the redundancies during 2014/15 had related to exceptional circumstances and an attempt to reduce long term salary costs. It was confirmed that the individuals concerned had not retired but had been made redundant. A performance management system was in place to identify and deal with issues of poor performance.
- The question was asked as to where within the 2014/15 'Savings and Additional Costs' table at section 2.1 were the waste and recycling costs relating to the route optimisation project? The Head of Finance (HoF) explained that these were split between the figures shown for the relocation of recycling service to Tiverton, the one-off vehicle & equipment purchases, additional spend on vehicle hire and repairs.
- The long term borrowing situation – it was explained that there was a concept known as the 'liquidity of the ratio being 2:1', meaning assets should total twice as much as the long term borrowing amount. The HoF explained that the Council was well within this ratio.
- The pension liability – there would be a need to see this as a long term deficit reduction. It may be necessary to increase contributions from both the employer and employees. It was also hoped that any up-turn in the economy would have a positive impact on the deficit.
- What seemed like a high valuation by the District Valuer of Market Square in Crediton.
- Why the new street sweeper had not been seen in Crediton. The HoF said he would ask the Waste and Transport Manager to contact the Ward Member.

It was **AGREED** that note 14 within the accounts should be amended to read 'Grant Thornton' and not the 'Audit Commission'.

RESOLVED that the draft annual report and accounts be approved.

(Proposed by the Chairman)

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

12. **UPDATE FROM THE EXTERNAL AUDITORS (02: 05:43)**

The Committee had before it, and **NOTED**, a * report from the external auditors, Grant Thornton. This provided the Committee with a summary of the progress made in delivering their responsibilities as the Council's external auditors. Their audit work had started in January 2015 and their opinion on the accounts was due to be delivered on 28 July 2015, at the next Audit Committee. They would also be delivering a Value for Money conclusion. Two other areas of work they would be undertaking related to certifying the 'Whole of Government' accounts which they aim to have completed by September 2015 and the 'Grants and Claims Certification'.

Several separate documents were highlighted within the report including Grant Thornton's 'Local Government Governance Review 2015' and 'Developing Local Authority Trading Companies'.

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

13. **START TIME OF MEETINGS (02:19:35)**

It was **AGREED** to hold Audit Committee meetings at 5.30pm for the remainder of the municipal year.

(The meeting ended at 8.20 pm)

CHAIRMAN