

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 28 July 2015 at 5.30 pm

Present

Councillors

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

Also Present

Councillors

P H D Hare-Scott and Mrs J Roach

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 and G Daly from Grant Thornton

14. APOLOGIES

There were no apologies for absence.

15. PUBLIC QUESTION TIME

There were no members of the public in attendance.

16. CHAIRMAN'S ANNOUNCEMENTS

The Chairman reminded the Committee that at the previous meeting he had offered to write to the Chairman of Scrutiny and the Cabinet regarding the issues raised with regard to sickness and the food inspections. He confirmed that he had done this and that he had attended a meeting of the Scrutiny Committee where the issues were discussed and a working group created to look at these and associated issues. He had been told by the Leader that if there were concerns over failed targets that he should speak to the individual Cabinet Members concerned.

17. ELECTION OF VICE CHAIRMAN FOR 2015/16

RESOLVED that Cllr Mrs J B Binks be elected Vice Chairman of the Audit Committee for the municipal year 2015/16.

(Proposed by Cllr R Evans and seconded by Cllr Mrs C Collis)

18. MINUTES OF THE PREVIOUS MEETING

The Minutes of the previous meeting were confirmed as a true and accurate record and signed by the Chairman.

19. ANNUAL GOVERNANCE STATEMENT

The Committee had before it a report * from the Head of Communities and Governance presenting the Committee with the finalised Annual Governance Statement and accompanying action plan for 2014/15.

The Annual Governance Statement had been subject to review by the Council's external auditor during the review of the Annual Report and Accounts and no recommendations had been made in respect of this document.

Discussion took place regarding:

- A number of sources of assurance being required to complete the AGS.
- The Constitution was updated as and when any amendments were approved by Council. Legal Services were going through the document chapter by chapter, revisions would be presented before the Standards Committee with recommendations to full Council as soon as possible.
- The perceived absence of a youth officer in the Crediton area despite the town council providing funding. The Head of Communities and Governance agreed to look into the matter and arrange for a member of her staff to contact to Crediton Town Clerk.

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

(Proposed by the Chairman)

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

20. ANNUAL REPORT AND ACCOUNTS 2014/15

The Committee had before it a report * from the Head of Finance outlining the changes made to the accounts subsequent to the draft set presented to the Audit Committee at its meeting on the 23rd June 2015. These were very few and not material in any way. They included:

- Under 'External Audit Costs' on page 84 an amount of £5k should have been included for some additional work undertaken by Grant Thornton.
- 'Cash and Cash equivalents' figures on page 101 and 102 needed to correspond and should both have read £5.39m

The Committee were informed that it had been a very successful audit but that after the accounts had been signed off a process needed to be gone through whereby generic comments within the report that were not applicable to Mid Devon District Council were removed for next year.

RESOLVED that the annual report and accounts be approved (subject to the recommendations made by the external auditor, Grant Thornton) and that the Committee formally approve and sign the letter of representation.

(Proposed by the Chairman)

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

21. **GRANT THORNTON - 2014/15 AUDIT FINDINGS**

The Committee had before it, and **NOTED**, a report * from Grant Thornton, external auditors to the Council. This report highlighted the significant findings arising from their audit as required by International Standard on Auditing (UK & Ireland) 260.

It was explained that it had been challenging merging the new accounts timetable between the external auditors and the Council. However, this had been achieved and once the accounts had been formally signed off Mid Devon District Council would have been the first in the south west to do so.

The accounts in their opinion had been free of significant errors, there being only two unadjusted items. They were proposing to issue an unqualified opinion the following day on the Financial Statements and Value for Money.

Discussion took place regarding:

- Grant Thornton had reviewed managements' assessment of the Council as a 'Going Concern' and were satisfied with their assessment that the going concern basis was appropriate for the 2014/15 financial statements. A 'Going Concern' was described as being an ability of an organisation to continue to exist 14 months after the external auditors had issued their opinion.
- Regarding internal controls, Grant Thornton had commented that two Section 106 receipts had not been invoiced or accrued for at the year end. Management had commented that this had happened as a result of staff shortages but that a robust process would be in place for next year.
- External audit fees and how they were arrived at. Fees regarding two challenges to the accounts had fallen in to 2014/15. Grant Thornton reiterated the fact that they were independent and abided by ethical standards whenever asked to conduct an investigation.

One of the challenges to the accounts had been instigated by Cllr Mrs J Roach and had related to a decision to offer discount car parking permits to a particular company. The Head of Finance stated that a car parking working had been set up and a recommendation would be going to the Managing the Environment Policy Development Group on 4 August to offer a discount level for bulk purchasing of car parking permits across the board. The car parking order had subsequently been amended but in the Councillor's opinion this had not happened early enough. She had been unable to pursue her complaint through the Ombudsman and felt that there ought to be a way of tracking such issues through a Committee. It was **AGREED** that an item be placed on the agenda for the next meeting thereby providing new Members to the Committee with the background to the issue and allowing time for officers to provide fuller explanations as to what had happened historically and what the plan was for the future.

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

22. INTERNAL AUDIT PROGRESS REPORT

The Committee had before it, and **NOTED**, a report * from the Internal Audit Team Leader updating the Committee on the work performed by Internal Audit for the 20105/16 financial year thus far. System audits had commenced already and core audits were due to commence in the following week. It was explained that the percentage of outstanding recommendations had gone down from 41% to 39% which was a move in the right direction.

For the benefit of new Members the Chairman explained that it had been agreed by the Committee in the previous municipal year that an annual meeting would be held to specifically discuss outstanding recommendations and that this needed to be a separate item on the agenda for the next meeting on 29 September 2015. He further informed them that the Chief Executive had agreed to meet with Heads of Service to discuss the outstanding recommendations and what action had taken place to resolve these issues. It was **AGREED** that the Chief Executive would be invited to attend the next meeting. In order to facilitate this discussion it would be necessary to have a report listing all of the outstanding recommendations in one place. The Committee were asked to contact Member Services in advance if they wanted information relating to a specific audit so that the necessary research could be undertaken before the meeting.

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

23. INTERNAL AUDIT REPORTS (STANDING ITEM)

Discussion took place regarding the following internal audit reports:

Vehicles and fuel

It was disappointing to note that the Council still did not have the evidence at present to prove that employees had a valid driving licence and that the target date for the completion of a Transport Policy was 31 March 2016. It was explained that the Council employed an independent company to check the driving licences of staff once they had given permission and that this was a much more cost effective method than it being carried out in-house. The question was asked as to whether the driving licences of Members were also checked. The Head of Communities and Governance agreed to look into this.

Recruitment

The process of Job Evaluation was explained by the Head of Communities and Governance.

It was **AGREED** internal audit reports ought to be made available to all Members. A note should be placed in WIS informing Members that these reports had been completed and were available upon request.

24. GRANT THORNTON - FEE LETTER

The Committee had before it, and **NOTED**, a letter * from Grant Thornton setting out its fees for the 2015/16 audits. It also included an indication of the phasing of work and suggested timings.

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

25. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING - 29 SEPTEMBER 2015

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

- Discounts for bulk purchasing of car parking permits
- Outstanding audit recommendations
- Grant Thornton – Financial Resilience report

(The meeting ended at 6.50 pm)

CHAIRMAN