

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 29 September 2015 at 5.30 pm

### **Present**

#### **Councillors**

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

### **Apology**

#### **Councillor**

T G Hughes

### **Also Present**

#### **Councillor**

Mrs J Roach

### **Present**

#### **Officers**

Andrew Jarrett (Head of Finance), Catherine Yandle (Internal Audit Team Leader) and Sarah Lees (Member Services Officer)

### **Also in**

#### **Attendance**

Steve Johnson (Grant Thornton)

## 26. **APOLOGIES**

Apologies were received from Cllr T G Hughes and Cllr P H D Hare-Scott, the Cabinet Member for Finance.

## 27. **PUBLIC QUESTION TIME**

There were no members of the public present.

## 28. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

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

The Minutes of the previous meeting were confirmed as a true and accurate record and signed by the Chairman subject to the word 'group' being inserted after 'car parking' in the second sentence of the final paragraph of Minute number 21.

## 30. **PERFORMANCE AND RISK Q1**

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 2015–16 as well as providing an update on the key business risks.

The Internal Audit Team Leader stated that the timing of the report was slightly unfortunate given that it had already been discussed by the three Policy Development Groups and Cabinet and was now somewhat out of date. This happened due to the timing of the quarterly reports compared to the bi-monthly Audit Committee meetings.

Discussion took place regarding:

- The 'Enforcement site visits' performance indicator and whether or not it had any value as a statistical measure. It was felt that it might be better to have an indicator which measured whether or not an enforcement issue had been dealt with and resolved within an acceptable length of time. It was **AGREED** that this suggestion would be fed back to the Head of Planning and Regeneration asking her to consider a more appropriate measure.
- Why some targets were not set at 100%, for example, the '% of complaints resolved within timescales'. It was explained a upgraded customer records management system had been implemented in May 2015 and 97% had been set as the target to allow for the new system to bed in. This would be reviewed after three months.

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

### 31. INTERNAL AUDIT PROGRESS REPORT

The Committee had before it, and **NOTED**, a report \* from the Internal Audit Team Leader updating it on the work performed by Internal Audit for the 2015/16 financial year.

She outlined the contents of the report stating that it included the audit opinion for three internal audits. Discussion took place in relation to each one as follows:

#### Legal Services

- It was stated by an elected Member that in Crediton there had been some disappointment with the quality and speed of response from the solicitors.
- The Chairman commented that IT issues in relation to the helpdesk needed to be sorted out sooner rather than later as part of the Digital Transformation project. The Head of Finance stated the Council was consulting with North Devon District Council to see what system they used. A new helpdesk business case was needed.

#### Culm Valley Sports Centre

- It was stated by the previous Cabinet Member for Community Well Being that the Leisure Service was now down to 2 managers, having previously had 4. It would be important to ensure that the quality of the Leisure Service did not suffer as a result.
- Concern was expressed at the administrative processes involved in processing multiple contracts. It was explained that some members of staff performed several different roles and that some of them attracted a higher rate of pay than others. The question was asked as to why the average wage couldn't be paid for each member of staff in this category. It was explained that this would result in a much higher salary bill for the Council compared to paying actual rates of pay for particular roles. The current arrangements gave the managers the flexibility they needed as it was pointed out that demand fluctuated throughout the year for certain leisure activities. There was however, general agreement that the current system was complex and time

consuming to administer. It was **AGREED** that, as part of future annual audits on leisure centres, managers be asked to review the salary structures within their areas. The Committee were informed that an item in relation to the leisure centres would be on the next agenda for the Community Well Being Policy Development Group and everybody was welcome to attend.

### Insurance

- The Head of Human Resources & Development had now issued an instruction to Payroll that unless an employee produced a valid insurance certificate they could not be reimbursed.
- It was confirmed that drivers of Council vehicles and 'Essential car Users' had to produce a valid driving licence and associated documents on their first day of work for the Council. It was **AGREED** that Members should also provide evidence that they had valid insurance cover whilst conducting Council duties and subsequently claiming for travel reimbursement. It was suggested that Members be given a month in which to produce their documents.
- The Council required a restricted operator's licence. It was a drivers individual responsibility to certify that they were medically fit and able to drive. Members expressed concern regarding this issue given the incident which happened in Glasgow last year with a refuse lorry. The Internal Audit Team Leader stated that these issues could be explored when the vehicles audit next took place. The Committee, if it wished to, could then speak directly to the Waste and Transport Manager.
- Staff had to sign a mandate to allow a private company to check the details of their driving licence in in order to drive on Council's business.

### Outstanding audit recommendations in general

- The Head of Finance had requested that the target date set for Procurement of 2014 be amended to 2016. He explained that it was difficult to set a target for something that was ongoing. The Procurement section had had one member of staff off on maternity leave and he had not considered it cost effective to bring in an agency member of staff. The section was now fully resourced and work would progress. He stated that he was confident this recommendation would be completed by 31 March 2016.
- The Chairman stated that there had been improvement from the position under the previous Council, however, he requested that service managers needed to be reminded about the number of outstanding medium priority core audit recommendations. If there were insurmountable issues making achieving targets impossible then managers needed to bring these issues to the attention of the Chief Executive.

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

## 32. **INTERNAL AUDIT REPORTS (STANDING ITEM)**

Discussion regarding internal audit reports had taken place under the previous item. There had been no need to move into Part II.

### 33. FUTURE POSITION REGARDING EXTERNAL AUDITORS

The Internal Audit Team Leader provided the Committee with information regarding the process and timetable involved in appointing new external auditors.

The relevant dates and processes were summarised as follows:

- Transitional arrangements were in place until 31/3/2017 after which Audit Committee's needed a panel with an independent Chair to appoint external auditors, unless the current arrangements are extended for a maximum of 3 more years, Members of the Council were not considered to be independent. The Local Government Association's preference was that a collective procurement exercise be conducted by a Sector led Body.
- If new external auditors were to complete the 2018 audit they would need to be in place by 31 March 2017. Given the shortness of time, the extension seemed likely although it hadn't yet been announced. It was explained that 86% of Councils responding to a LGA survey had indicated that they were in favour of extending the current arrangements, the main reason being cost savings and economies of scale. The Internal Audit Team Leader informed the Committee that the LGA had estimated that the 3 year extension would save £24m pa.

### 34. CAR PARKING CHARGES - CHALLENGE

The Head of Finance brought the Committee's attention to a detailed response \* from Grant Thornton to a challenge raised against the 2013/14 Accounts by Cllr Mrs J Roach. The Chairman invited Cllr Mrs Roach to speak on the item. For the benefit of new Members to the Committee she summarised the events which had taken place as follows:

- In December 2013 a decision notice, permitting the sale of parking season tickets on a bulk purchase basis, was issued on behalf of a Cabinet member.
- Cllr Roach asked to call in the decision as she felt that this should have been advertised as it was changing the fees set in the car parking order. She was also concerned that this reduction applied to only one group of workers in one car park.
- The Chief Executive had refused to allow the call in and wrote to all Members explaining why the call in was invalid.
- In January 2014, Cllr Roach made a formal complaint, this was investigated and she was informed that the Council had acted properly.
- She then made a complaint to the Ombudsman who would not investigate because she was not a member of the public.
- She then lodged a formal challenge to the accounts. She explained that that decision had not been taken lightly.
- At the last Audit Committee when the accounts were agreed, she asked why there had not been a report to the committee on the result of her challenge. The Auditor agreed that this should have happened, hence the item on the agenda for this meeting.
- Her concern throughout had been that the correct procedures were not followed and that one set of workers had been given special treatment by the Council. She had wanted to know why if season tickets were to be reduced for one set of workers then shouldn't everyone have an equal opportunity to

access a better deal.

- She stated that it was unfortunate that an elected Member had to formally challenge the Council's accounts in order to highlight such an issue.
- She also stated that the Auditor wrote to her on the 15 December 2014 and the matter had still not been rectified.

Discussion followed with regard to:

- An acknowledgement that mistakes had been made and an apology was offered to Cllr Mrs Roach by the Head of Finance. Lessons had been learnt and that whilst mistakes of this nature could not be mitigated it was sincerely hoped that they would not be made again.
- The Head of Finance stated that a valid discussion had taken place with a local company and local residents where there had been concerns about congestion in a local road hence the arrangement. Future car parking orders would include some commentary about bulk discounts being available for all residents.
- The law 'out-trumped' the Constitution.
- A request to pursue the issue through the Scrutiny Committee had been denied.
- Perceived difficulties involved in minority group members finding avenues through which to bring issues to the fore.
- The Managing the Environment Policy Development Group would be discussing car park related issues at their next meeting on 24 November and all Members were invited to offer their views.

**RECOMMENDED** to the Standards Committee that it consider amending the Constitution so that wherever it mentions decisions taken by the Chief Executive, that the words 'in accordance with the law' be inserted alongside.

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

Note: \* Response from Grant Thornton previously circulated; copy attached to the signed Minutes.

### 35. **MINOR AMENDMENTS TO THE FINANCIAL REGULATIONS**

The Head of Finance informed the Committee that a number of minor amendments were needed in the wording of the Financial Regulations. However, in addition to this, some of the financial thresholds also needed amending. He would therefore bring a formal detailed report to the next meeting listing the amendments needed.

### 36. **EXTERNAL AUDIT UPDATE**

The Committee had before it a report \* from Grant Thornton updating it on the progress made in delivering their responsibilities as the Council's external auditors. The Committee were informed that in addition to the usual update report there would also be a Financial Resilience report, a Grants Certification report and the Annual Audit Letter for the next meeting.

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

### 37. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING

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

- Amendments to the Financial Regulations
- Financial Resilience (Grant Thornton)
- Grants Certification (Grant Thornton)
- Annual Audit Letter (Grant Thornton)

(The meeting ended at 7.30 pm)

**CHAIRMAN**