

## **Chair of Audit Committee Report 2015/16**

It seems to be that time of year again when as Chair of Audit I am required to attempt to give a brief ( bear with me on that) report on the continued workings of the Audit Committee.

As with all committees without the hard work of officers there would be very little to report, therefore I must make it my first duty to offer on behalf of the committee a very grateful thank you to the following officers: Andrew Jarrett, Amy Tregellas, Catherine Yandle, Nicky Chandler and Suzanne Kingdom, all of whom work extremely hard to ensure reports are available, explanations known and respective Committee Chairs do not look complete plonkers.

We also need to recognise the work and expert explanations offered by our very helpful outside Auditors, Grant Thornton, we mainly see Steve Johnson and Geraldine Daly, both of whom offer members sanity in a world of occasional confusion, thank you both.

I save a special and very heartfelt thank you for Sarah Lees, without whom the efforts of all would on many occasions result in total confusion and very little else, my personal thanks and I am sure those of all committee members to Sarah.

The year was one of much change in the world of MDDC and Audit was no exception, we moved meeting time, changed personnel and increased our numbers from a committee of five to seven.

This year's report starts with the March meeting, those with a burning desire to check out January's meeting of 2015 will of course know this was reported on in last year's annual statement.

### March

March saw the final meeting prior to the elections.

The Committee accepted the Code of Governance and discussed at length the Risk and Opportunity Report. It should be noted that some twelve months ago the Committee at this time recognised the fundamental requirement for the Council as a whole to move forward looking for opportunities to increase income, develop trading partnerships and become less risk averse.

Committee heard the latest update on the Annual Governance Statement and went into much detail on performance reports received. These included a continued concern on household waste figures and the figures for retained members at MDDC leisure facilities, members will note with interest that 2016 has already seen a similar debate on both subjects.

The Committee received a number of reports from completed internal audits. This month saw audits on council tax, payroll, housing benefits, please refer to meeting detail for full reports.

The Internal Audit Strategy and Plans were discussed for the Audit Team's work for 2015/16 reporting year and agreement was reached on plans presented.

We received a report from Grant Thornton informing members of new and demanding time scales for audit completion and opinions to be finalised. A new and very challenging target of final reports completed by end of July is known to be required within a few years so Grant Thornton and MDDC Officers have agreed to trial the new time scales for this year's reports.

No Audit meeting would be complete without reference to fees and Grant Thornton had to report additional charges to the set annual fee of £3,500 for additional work. This was related to the Tiverton Information Centre and a member challenge on car park discounts.

## June

The first meeting post election and the first meeting of having seven committee members up from the previous five.

Committee welcomed back Cllr Deed and I was also fortunate to be back sat around the table, we welcomed some returned members who were joining Audit, Cllrs Radford and Hughes, with a very special welcome to newly elected members Cllrs Mrs Collis, Letch and Cllr Mrs Binks (as opposed to past member Cllr Mr Binks).

The June meeting is a very difficult meeting to be introduced to Audit Committee. It has some extremely lengthy reports that are both complex and shall we say in depth, it should only get better I assured all members.

I was grateful to be re-elected as Chair for the municipal year 2015/16. Unfortunately we were unable to elect a Vice Chair as not all members were present so this was deferred.

Members received a detailed report on performance and risk and some concern was raised over reported performances in food premises inspections and the MDDC annual sick absence figures, there was much debate on both and the sick absence figures were referred to the Chair of Scrutiny to ask that this committee look in more detail at the figures presented, such was the committees concern.

The Annual Governance Statement was approved.

Andrew Jarrett presented the annual accounts a document that is some 111 pages long, should members wish to refresh their memories a copy can be found in the Audit reports from the June 2015 meeting.

Andrew gave a very detailed picture of the MDDC financial position and detailed the difficulties currently known going forward. It was again recognised that MDDC need

to be looking at income opportunities going forward (see previous notes from March meeting.) Members received a report from Grant Thornton and confirmation of the works being undertaken to meet the new deadline of July's end.

### July

I am delighted to report that committee elected Cllr Mrs Binks as Vice Chair Committee received an update on the Annual Governance Statement. We also agreed the annual accounts following some minor alterations to the report presented in March's meeting. It was agreed the letter of representation could be signed.

Grant Thornton gave a brief update on external audit findings and committee received internal audit reports on, vehicles and fuel and recruitment.

As previously stated not many meetings go by without reference to fees, on this occasion Grant Thornton gave detail of the agreed fees to be paid by MDDC for their services for 2015/16, it should be noted that these fees are set by the Audit Commission and Councils are unable to negotiate separately at this time.

The MDDC fees had been set at £47,700 with a further fee of £7,418 for the grant certification work, total of £55,118, this against a previous year's fees of £63,600.

### September

Committee received the Quarter 1 Performance and Risk.

Internal audit reports on Legal Services, Culm Valley Leisure Centre and Insurance. It was at this point that Committee discussed the requirements of members to hold the necessary insurance to undertake council business in their own cars.

Grant Thornton gave a report on external work.

Committee debated a recurring subject of audit recommendations not being undertaken in a timely manner. Past committees had indeed sought an explanation from the then Chief Executive Kevin Finan as to why so many recommendations had not been completed sometimes after years of appearing on audit reports. It should be noted that the number of outstanding actions had reduced significantly, however, the senior officers present were asked to remind all Heads of Service that such recommendations should be completed unless exceptional circumstances prevented this and going forward explanations may well be sought on future delays.

A discussion took place in the ability of councils to independently appoint external auditors, although it remains a central government ambition for 2017/18 the reality seems to be a three year extension to having this ability seems likely with the audit commission continuing to appoint as now.

### November

I gave committee a brief report on a training course I had attended in October run by Grant Thornton. The course was free and very informative on how councils of all

sizes are facing up to the challenges of austerity and generating income by new and expanding initiatives.

I also informed Committee that I had requested that consideration be given to my attendance at a seminar run by the Local Government Association to look at income generation across councils giving detail of known projects. It was agreed that myself and Andrew Jarrett were to attend.

We received the Quarter 2 Performance and Risk Report, internal audit reports on payroll, housing rents, grants and donations, and hospitality were discussed. Grant Thornton gave details of the Annual Audit Letter and an update on current works

### January (2016)

First meeting of 2016 and last for this report.

It was a treat to meet the Internal Audit Team. Catherine Yandle is a regular attendee however the other team members of Nicky Chandler and Suzanne Kingdom were present to give a presentation on how they look to formulate and complete the strategic audit plans of core and systems audits. A detailed and very well explained presentation was very well received.

Committee received and discussed internal audits on council tax, NNDR, treasury management and income and cash collection.

There was an update on member's compliance of business insurance and I agreed to raise at full council given the current low numbers of responses received.

There were no reports from Grant Thornton due to illness, committee were assured there was nothing that was urgent and all business could be deferred to the meeting in March.

The above is a brief (just my opinion) on the workings of the Audit committee, we rarely see any members of the public and infrequent visits from other members. The committee do not and are not a decision making forum. However the role is one of increasing importance to check, challenge and hold to account all departments and aspects of council work.

Having thanked officers and external staff it would be remiss of me not to thank all members for their continued efforts and hard work, it is only with your effects that the circle is completed.

We must continue to learn from yesterday's work and stride to improve all that we do tomorrow.

Bob Evans  
Chair MDDC  
Audit Committee