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## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 15 March 2016 at 5.30 pm

### **Present**

#### **Councillors**

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

### **Also**

#### **Present**

G Daly and Johnson and V Redler (Grant Thornton)

### **Present**

#### **Officers**

Amy Tregellas (Head of Communities and Governance and Monitoring Officer), Andrew Cawdron (Finance Manager), Catherine Yandle (Internal Audit Team Leader) and Sarah Lees (Member Services Officer)

## 62. **APOLOGIES**

There were no apologies for absence.

## 63. **PUBLIC QUESTION TIME**

There were no members of the public present.

## 64. **CHAIRMAN'S ANNOUNCEMENTS (00:00:52)**

The Chairman stated that he had attended an 'Income Generation' seminar in London with the Head of Finance run by the Local Government Association. Many other local authorities had attended and had shared examples of income generating activities such as working with trading partners. Some of these initiatives, due to the increased size and capacity of some council's, could not be transferred to Mid Devon, however, there were some concepts such as the setting up of local authority trading companies which were worth exploring. It was **AGREED** that the Chairman would circulate his report regarding the seminar to the rest of the Committee.

## 65. **MINUTES OF THE PREVIOUS MEETING (00:04:28)**

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

## 66. **IMPACT OF EARLIER ACCOUNTS FILING (00:05:05)**

The Committee had before it, and **NOTED**, a report \* from the Head of Finance outlining the ramifications of the earlier preparation and audit of the annual statutory financial statements.

It was explained that the Government wanted to receive the financial outturn from councils before Parliament's summer recess. It had therefore been announced that the accounts from local authorities for the year ended 31 March 2018 and for

subsequent years will need to be approved by 31 May. The current deadline was 30 June therefore this was one month earlier. Even though the accounts would be prepared as accurately as possible this would mean that many more estimates would need to be made and actual figures would differ in some areas.

A brief discussion took place regarding accounts staff taking leave during this period. The Finance Manager had been working closely with Human Resources to ensure that finance staff were not unduly penalised as result of having to avoid taking flexi time and annual leave during this period.

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

**67. CODE OF CORPORATE GOVERNANCE (00:12:21)**

The Committee had before it a report \* from the Head of Communities and Governance presenting it with the updated Code of Corporate Governance. The contents of the report were outlined and reference made to the changes that had been made since the code was last approved.

**RESOLVED** that the updated Code of Corporate Governance be approved for a further year.

(Proposed by the Chairman)

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

**68. RISK AND OPPORTUNITY MANAGEMENT STRATEGY (00:14:53)**

The Committee had before it a report \* from the Head of Communities and Governance presenting it with the updated Risk and Opportunity Management Strategy. The officer outlined the contents of the report highlighting the changes made since the strategy was last approved. Particular reference was made to the roles and responsibilities of groups and individuals within the council which included both officers and Members. Reference was also made to the new Corporate Plan and the need for a strategic assessment. The risk management process was also explained stating that there was a need to look at the impact of a potential event occurring. It was further explained that every report which came to committee included a section on risk assessment. The Risk and Opportunity Management Strategy set out the general framework and approach towards risk.

**RESOLVED** that the updated Risk and Opportunity Management Strategy be approved for a further year.

(Proposed by the Chairman)

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

**69. PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN (00:24:15)**

The Committee had before it, and **NOTED**, a report \* from the Head of Communities and Governance providing it with an update on progress made against the 2014/15

Annual Governance Statement Action Plan. Reference was made to the fact that the Constitution had now been approved by full Council, therefore there were no outstanding actions.

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

#### 70. **INTERNAL AUDIT PROGRESS REPORT (00:26:32)**

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. It was explained that the timetable had been changed slightly due to the fact that the internal audit team had had to do some work towards the financial year end and as a result some of the smaller audits had been moved into the audit plan for the following year. However, all core audits would be completed by 31 March 2016.

Discussion regarding internal audit reports took place under for each audit included in the report:

##### ICT Core

The Chairman stated that he was concerned that out of the 20 publicised ICT policies on Sharepoint only 7 were up to date at the time of the audit including information security. In addition the recommendation regarding this had been brought forward from 2012/13. The Internal Audit Team Leader explained that ICT had a rolling programme, with different policies falling out of date at different times. They were however, constantly reviewing them.

ICT had accepted a poor external assessment of the website while it was under development and had further accepted that they were not going to achieve 4 star quality in 2015, however, there were other measures of website accessibility to aspire to and the website had very recently undergone some improvement ensuring improved navigation.

##### Trade Waste

It was explained that the table in section 3.2.8 of the report needed to be amended to show that there were currently no high risks in this area.

##### Freedom of Information

It was explained that there were certain data sets which Government guidelines stated needed to be published, for example, the Constitution needed to be updated on an annual basis.

##### Appraisals & Training

The Chairman queried why non-attendance at a training course could not be reported the next day thereby allowing the costs involved to be ascertained at an earlier stage. It was explained that training was not currently accounted for in this way and that analysing the costs was linked to budget setting hence why the target date for completion had been set at 30 June 2016 rather than sooner.

It was confirmed that non-attendance costs would be charged to the specific areas concerned rather than across the attendees.

The Chairman referred the Committee to the list of recommendations shown at Appendix 1 which clearly showed the number of high, medium and low recommendations outstanding. He had concerns regarding the number of overdue medium recommendations and the length of time they had been outstanding, some since 2012/13. It was **AGREED** that the Chairman write to the Chief Executive, voicing the concerns of the Committee and requesting that he ask Management Team to give their attention to this matter.

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

#### 71. **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.

#### 72. **PERFORMANCE AND RISK REPORT FOR THE THIRD QUARTER OF 2015-16 (00:45:10)**

The Committee had before it, and **NOTED**, a report \* from the Head of Communities and Governance providing it 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.

Discussion took place regarding:

- It was pleasing to note that the percentage of food premises inspected for high risk was currently showing at 75% for quarter 3. It was explained that a possible reason for this improvement was that the Food Standards Agency had conducted an audit and the council had heeded its recommendation to increase the staff resource in this area.
- Data in relation to emergency and urgent repairs was very pleasing.
- The issue of planning enforcement had recently been looked at by the Scrutiny Committee. There was general agreement that if the Planning Department were to meet all of its targets it needed to have the correct compliment of staff, at the moment it still faced a shortfall. The Chairman stated that a further cause for concern were the unknown and unplanned absences resulting in the figures shown for the average number of days sickness absence in the report. The comment was made that the council ought to be able to build a contingency into its budget for such circumstances could be predicted. It was stated that the council did but the recruitment of additional staff to cover absences would have a serious effect upon the budget. The Chairman stated that he would include a paragraph regarding absenteeism in his letter to the Chief Executive. It was explained that the Chief Executive was preparing a report to go to the Scrutiny Committee in April regarding this matter and it was felt that this Committee should allow that process to take place.
- Staff in Customer First were being trained in the area of 'Freedom of Information'.

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

**73. FOUR YEAR STRATEGIC AUDIT PLAN AND WORK PROGRAMME (01:10:00)**

The Committee had before it a report \* from the Internal Audit Team Leader presenting the Strategic Audit Plan for 2016/17 to 2019/20 and the detailed Audit Work Plan for 2016/17. It was explained that this had been presented to the Committee in its draft form for consideration at the meeting on 19 January; no changes had been proposed other than by the new Chief Executive to bring forward the audit on planning enforcement.

**RESOLVED** that the Strategic Audit Plan for 2016/17 to 2019/20 and detailed Audit Work Plan for 2016/17 be approved.

(Proposed by the Chairman)

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

**74. INTERNAL AUDIT CHARTER REPORT (01:12:12)**

The Committee had before it, and **NOTED**, a report \* from the Internal Audit Team Leader presenting it with the revised Internal Audit Charter Timetable. The report outlined the reasons for not revising the Charter at the present time. Due to changes to the international framework the Charter could not be reviewed until the March 2017 meeting.

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

**75. THE AUDIT PLAN - GRANT THORNTON (01:13:43)**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton providing an overview of the planned scope and timing of the 2015/16 audit as required by the International Standard on Auditing (UK & Ireland).

The Engagement Lead for Grant Thornton outlined the contents of the report.

Discussion took place regarding:

- In certain circumstances there was a provision to allow the disclosure of an individuals exit package, however, there were strict disclosure arrangements in place.
- The potential for fraud was a serious fundamental area that the external auditors looked at.
- Due to a rewrite of the Code of Audit Practice there would be a change to the way they conducted their 'Value For Money' work'. There would be a change of emphasis in assessing financial resilience, they would be looking at how resources were deployed and how the council worked with its partners.
- They were aiming to sign off the accounts for 2015/2016 on 26 July 2016.

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

**76. GRANT THORNTON UPDATE (01:29:00)**

The Committee had before it, and **NOTED**, a report from Grant Thornton providing an update on delivering their responsibilities. The report also included a summary of emerging national issues and a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

The Chairman stated that he was disappointed nobody from Mid Devon District Council had attended the Grant Thornton seminar on 'Building a successful local authority trading company'. Grant Thornton explained that Mid Devon had been sent an invite but it was unclear who the invitation had been addressed to. They were looking to put on another event towards the end of the year and the council would be invited. The Chairman said he would also include reference to someone needing to attend this in his letter to the Chief Executive. It was **AGREED** that the Committee Clerk would forward the contact details of committee members to Grant Thornton so that they could be advised when the event was taking place and have an opportunity to attend should they wish to.

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

**77. CERTIFICATION LETTER FROM GRANT THORNTON (01:48:21)**

The Committee had before it, and **NOTED**, a letter from Grant Thornton detailing the fee for the Certification Work undertaken for the year ended 31 March 2015.

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

**78. CHAIRMAN'S ANNUAL REPORT 2015/16 (01:48:21)**

The Committee had before it a draft annual report \* by the Chairman on the work of the Committee during 2015/16. There being no suggested amendments to the report it was **AGREED** that it would be included with the Council Summons for the meeting on 27 April 2016.

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

**79. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:49:15)**

In addition to the items already listed in the work programme for the next meeting the following was requested to be on the agenda for 31 May 2016:

- An update regarding Internal Audit Recommendations and their 'Overdue' status

(The meeting ended at 7.24 pm)

**CHAIRMAN**