

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 22 November 2016 at 5.30 pm

Present

Councillors

R Evans (Chairman)
Mrs C Collis, T G Hughes, B A Moore, R F Radford,
Mrs J Roach and L D Taylor

Apologies

Councillors

Mrs J B Binks and R M Deed

Also in

Attendance

S Johnson (Grant Thornton)

Present

Officers

Stephen Walford (Chief Executive), Jill May (Director of Corporate Affairs and Business Transformation), Catherine Yandle (Internal Audit Team Leader), Andrew Cawdron (Finance Manager) and Sarah Lees (Member Services Officer)

49. **Apologies**

Apologies were received from Cllr Mrs J B Binks who was substituted by Cllr B A Moore and from Cllr R M Deed who was substituted by Cllr Mrs J Roach.

50. **Public Question Time**

There were no members of the public present.

51. **Chairman's Announcements**

The Chairman had the following announcements to make:

- He welcomed Cllr L Taylor to his first meeting. Cllr Taylor had replaced Cllr F W Letch on the Committee.
- As Chairman of the Committee he had attended a seminar run by Grant Thornton where it had been suggested that it was good practice for the Chairmen of Audit Committees to meet regularly outside of committee meetings with internal audit leads and the local authority's external auditors. This was not to go through the detail of reports coming to committee but to have a general catch up and to be kept up to date on current issues.

52. **Minutes of the previous meeting**

The minutes of the meeting held on 20 September 2016 were approved as an accurate record and **SIGNED** by the Chairman.

53. Meeting management

The Chairman stated that as the Chief Executive had not yet arrived to the meeting the next item of business would be item 6, Performance and Risk.

54. Performance and Risk for the second quarter of 2016-17 (00:04:40)

The Committee had before it, and **NOTED**, a report * from the Director of Corporate Affairs & Business Transformation providing it with an update on performance against the Corporate Plan and local service targets for 2016-17 as well as providing an update on the key business risks. The Internal Audit Team Leader stated that the colours within the report had now been amended so that the differences between them were clearer. She also provided an update in relation to the figures for empty homes. There had been a need to direct resources to the inspection activity recently, however, the Council had recruited a lead officer for private sector housing and there would be dedicated input in this area going forwards.

Discussion followed with regard to:

- The various measures which could be undertaken to help landlords make necessary improvements in order to bring empty homes back into use such as encouraging them to take up one of the various home improvement loans available.
- Members would be asked to provide feedback on any houses in their Wards that were empty, overgrown or neglected to aid officers in proactively managing problematic properties.
- It was suggested that it would be better to express the 'number of affordable homes delivered' as a percentage of the cumulative target rather than an annual number. The Internal Audit Team Leader stated that she would ask the Homes Policy Development Group to consider this.
- A query regarding why the number of empty shops in Cullompton was above target would be referred to the Community Development and Regeneration Manager in order for him to provide an answer.
- The figure in relation to Council provided grants per head of population was discussed in terms of it not being the only way in which the council could support communities.
- Car park overcrowding at the leisure centres being a high risk and what could be done about it.
- The Leisure Service was praised for its careful treatment and use of chemicals.
- It was confirmed that the testing of the Council's electrical equipment was carried out on an annual basis but the risk involved in not doing this could be made clearer within the report and re-scored.

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

55. Discussion with the Chief Executive regarding management issues (00:34:45)

The Committee had requested at its previous meeting that the Chief Executive be invited to attend the meeting to discuss some of the concerns it had regarding management issues within the Council. The Chairman explained the background to these concerns to the new and substitute Members present. Concerns had largely

related to absenteeism and the fact that HR had raised issues with managers but in some areas there had been an inability to accept responsibility for the management of this.

The Chief Executive stated that he did understand the committee's frustration but it went deeper than simply dealing with absenteeism. It was an unavoidable fact that people did get ill but there also needed to be a culture change whereby managers were held to be accountable and to take actions where necessary to address issues within their teams.

Discussion took place regarding:

- Whether it was necessary to have officers within a service area physically present within Phoenix House in order to deal with a Member's query. One Member had reported that following a spate of issues within his Ward he had sought help from the service area in question to find that all the officers were 'off' on the same day. The Chief Executive responded to this by stating that there was a difference between managerial oversight, contactability and responsiveness. The issue was more about receiving a timely response from an officer and whether that was whilst working from home or in person at Phoenix House was not significant. He and his leadership team were working very hard to reinforce the message that providing a timely response was paramount.
- A programme of external training had been put in place to upskill the entire management cohort. This was being driven through the Directors who were setting the necessary standards going forwards. Managers would be supported and existing procedures used to tackle issues when these standards were not met. The Committee felt that it had already started to see improvements.
- The Chairman, as a member of the Partnership Working Group, had visited West Devon Borough Council and South Hams District Council where they had made radical changes regarding the way officers worked. He explained that they only had 6 desks for every 10 employees and the assumption was that, when possible, an officer would work from home. Despite this type of disparate working arrangement the atmosphere within the Council building had appeared to be exceptionally upbeat.
- Following his arrival the Chief Executive had been tasked with securing an expert productivity assessment for the planning area. This had now been completed and initial results had indicated that Mid Devon District Council had entered a period of cultural adjustment. The supporting structures to allow and encourage this change were being put in place and whilst it would take some time to progress the process had started in a positive fashion.

The Committee concluded by stating that the discussion had been very useful, that there was every reason to be optimistic for the future and they had been reassured by the passion of the leadership team to drive through change and to specifically address previous areas concerns.

56. Internal Audit Progress Report (01:21:05)

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 2016/17 financial year.

Brief discussion took place under each of the following headings:

Members Allowances

- The rule that expense claims over 2 months old would not be paid unless there were exceptional circumstances and the appropriate authorisation had been sought needed to be reinforced.
- Electronic completion of expense claims by Members was now requested.

Gifts and Hospitality

- The rules and regulations regarding this area were included within the Constitution. It was requested that there be a version control sheet on the front of the Constitution showing the date of any amendments and who had actioned them.

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

57. Internal Audit Reports (01:30:00)

The discussion regarding internal audit reports had taken place under the previous item; there had been no need to move into Part II.

58. Verbal update on the arrangements for the appointment of external auditors (01:32:00)

The Internal Audit Team Leader stated that there would be a report with a recommendation regarding this matter at the next meeting.

59. External Audit update (01:33:25)

The Committee had before it, and **NOTED**, a report * from the external auditors providing a progress report and update.

Key messages within the report included the following:

- The final audit for 2016/17 would not start until June 2017 but would run along a similar timetable to last year.
- Grant Thornton would endeavour to bring updates on Brexit as and when more was known.
- Options regarding the future appointment of external auditors were listed in the report. A recommendation from the Audit Committee would be discussed by Council on 22 February 2017 with a final decision needing to be made by March.

- The Finance Manager had co-presented a session at a Grant Thornton seminar on 'advancing closure' of the accounts and the issuing of one of the earliest opinions for the 2015/16 financial statements.
- The Committee were made aware of a Grant Thornton publication entitled 'Better Together: Building a successful joint venture company' which was particularly relevant at the current time. Copies would be made available in the Members Room.

60. Identification of items for the next meeting (01:52:00)

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:

- Arrangements for the appointment of the external auditors
- Grants claim report from Grant Thornton

It was also requested that at some point in the future a report be received regarding the governance issues in relation to the allocation of grant funding.

(The meeting ended at 7.25 pm)

CHAIRMAN