

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on Tuesday 2 December 2014 at 6.00pm

Present

Councillors R Evans (Chairman), M D Binks, R M Deed and F J Rosamond

Apology

Councillor: R Wright

Also Present

Councillors: P H D Hare-Scott, Mrs J Roach and R L Stanley

Also Present

Officers: K Finan (Chief Executive), A Tregellas (Head of Communities and Governance and Monitoring Officer), A Jarrett (Head of Finance), C Yandle (Internal Audit Team Leader) and S J Lees (Member Services Officer)

In attendance: G Daly and S Johnson (Grant Thornton)

45 **PUBLIC QUESTION TIME**

There were no members of the public present.

46 **MINUTES OF THE PREVIOUS MEETING**

The Minutes of the Meeting held on 23 September 2014 were approved as a correct record and **SIGNED** by the Chairman.

47 **CHAIRMAN'S ANNOUNCEMENTS (00:02:10)**

The Chairman had been consulted prior to the despatch of the agenda for this meeting as to the length of the agenda which had appeared to be getting too long to allow for a meaningful discussion under each item. He therefore informed that Committee that there would be a Special Meeting on Wednesday 10 December at 5.30pm to discuss outstanding recommendations from audit reports. This would allow sufficient time for a detailed discussion with the Chief Executive.

48 **AUDIT COMMITTEE TRAINING (00:04:15)**

Councillors M D Binks, R M Deed and R Evans had attended Audit Committee training in October 2014 which had been provided by the South West Audit Partnership. The speakers had been very clear and had spoken on a wide range of relevant subjects. It was suggested any new Members to the Committee following the election in May 2015 be encouraged to attend similar training by the same providers.

49 **MEETING MANAGEMENT (00:07:16)**

The Chairman informed the Committee that he would take items 8 to 12 on the agenda next and then return to items 6 and 7, finishing with items 13 and 14 in that order.

50 **INTERNAL AUDIT PROGRESS REPORT (00:07:44)**

The Committee had before it, and **NOTED**, a report * from the Audit Team Leader updating the Committee on the work performed by Internal Audit for the 2014/15 financial year.

Discussion took place under each of the following internal audit report headings:

ICT Core

- It was confirmed that ICT received a core audit on an annual basis;
- Information supplied in relation to agency workers did not include workers used in the refuse and recycling area.

Gifts and Hospitality

The officers Code of Conduct was currently under review, once this had been completed each member of staff would be required to read and sign it. Monetary limits in relation to what would need to be declared may need to be discussed and amended by the Standards Committee.

Lords Meadow Leisure Centre

The Chairman questioned why the report had stated that the Leisure Service had a target of increasing footfall by 16% but this had not been reflected in the amount of potential income. There appeared to be a mismatch of information and he requested that this be referred back to the Leisure Services Manager.

Tiverton Pannier Market

Cllr Mrs J Roach raised concerns regarding the letting of tables within the market. She asked what checks were made and were people charged for storing goods over night? In her view the space was not being used in the most effective manner. The issue had been raised at the Scrutiny Committee and mention had been made of a Market Plan but she did not consider that any positive improvement had been made as yet.

The Head of Communities and Governance explained that the Council had recently employed a new Market Assistant. The additional resource had been taken on to cover additional opening including special events on Sunday's. There was a robust procedure in place for banking the money. They were in the process of looking at a business plan and of reviewing trader's terms and conditions. New traders were being encouraged, in fact four new traders had made enquires on the preceding weekend.

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

51 **INTERNAL AUDIT REPORTS (00:24:20)**

Discussion on the internal audit reports had taken place under the previous item.

52 **REPORT ON VALUE FOR MONEY (00:24:38)**

The Committee had before it, and **NOTED**, a report * from Grant Thornton summarising the findings from their work supporting their Value for Money (VfM) conclusion, which was required as part of their statutory external audit responsibilities.

Discussion took place regarding an 'Amber' rating under 'Spend on Management and support' The external auditors explained that this was to be expected when all services were 'in-house'. When services were outsourced as in other authorities, the total management costs were not so great. However, the Chief Executive commented that when the Council had looked at externalising Leisure, for example, the net gain financially had been negligible and would have meant losing control over capital spend therefore the Council had decided not to pursue this option at that time.

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

53 **ANNUAL AUDIT LETTER (00:34:00)**

The Committee had before it, and **NOTED**, a report * from Grant Thornton summarising the key findings arising from the work that they had carried out for the year ended 31 March 2014. It also stated the audit fee, however, this could not be finalised until consideration of matters brought to their attention by local authority electors had been concluded. The Committee had been informed at the last meeting about two challenges to the accounts. The first had been in relation to the Tourist Information Centre had been concluded as needing no action, the other was in relation to the Council's decision to vary a car parking order was still being investigated, however it was hoped that a report could be issued next week summarising the external auditors conclusion.

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

54 **EXTERNAL AUDIT UPDATE (00:37:15)**

The Committee had before it, and **NOTED**, a report * from Grant Thornton providing it with an update on progress in delivering their responsibilities as the Council's external auditors. It also contained a summary of emerging national issues and developments and a number of challenging questions in respect of those emerging issues.

Discussion took place regarding:

- The Head of Finance confirmed that Local Authority Accounting Panel bulletin numbers 99 and 100 had no material effect on the financial accounts;
- If Members felt there was a problem within a Parish Council in relation to financial management there was a contact at Grant Thornton that

- they could approach, it would not be for the District Council to undertake an investigation;
- Grant Thornton confirmed that as part of their audit they did look at ICT controls and security.

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

55 **DATA QUALITY POLICY (00:50:32)**

The Committee had before it a report * from the Head of Communities and Governance presenting it with the Data Quality Policy and Data Quality Standards.

The Head of Communities and Governance explained that there were six key characteristics that described data quality:

- Accuracy
- Validity
- Reliability
- Timeliness
- Relevance
- Completeness

It was explained that before data was exchanged with a partner, for example, for the Tiverton and Honiton Parliamentary election next year and postal votes, each partner was required to sign a contract in order to comply with public sector network requirements.

It was **AGREED** that a glossary be appended to the policy when it was next put before Members as this would prove very helpful.

RESOLVED that:

- (a) The Data Quality Policy and Data Quality Standards be approved; and
- (b) The policy be reviewed in 4 years time (in line with the corporate policy framework).

(Proposed by the Chairman)

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

56 **ANTI-FRAUD AND CORRUPTION, WHISTLE-BLOWING AND ANTI-MONEY LAUNDERING (00:59:40)**

The Committee had before it a report * from the Audit Team Leader presenting it with the reviewed and updated policies for Anti-Fraud & Corruption, Whistle-blowing and Anti-Money Laundering.

Discussion took place regarding:

- How and who Members referred their concerns to under the Whistle-blowing policy as they were not listed in section 1.4. It was explained that this was in 2.4 of the Anti-fraud, bribery and corruption strategy which was an overarching strategy that included both staff and Members;
- The Internal Audit Team Leader was recommended to make minor changes to the policy, such as job titles, only after such decisions had been made;
- Staff were required to comply with the policy as part of their contract with the Council which meant that they were not able to take confidential information outside of the organisation. Cllr Mrs Roach felt that this tied staff down to non-disclosure meaning that if they had serious concerns they would need to leave the organisation in order to refer their concerns to an independent body. The Chief Executive responded by saying that sections 10.1 and 10.2 within the report addressed this issue and that rather than bury concerns he wanted staff to come forward and seek advice from the bodies listed in section 10.2. The Head of Communities and Governance informed the Committee that under the staff induction process all staff were informed about the Whistle-blowing policy and how they could raise concerns if they had any and to whom. Policies such as this were on the staff intranet called 'Sharepoint' which was being updated and streamlined to allow better access to corporate information.

RESOLVED that:

- (a) The Anti-Fraud and Corruption, Whistle-Blowing and Anti-Money Laundering policies be approved; and
- (b) The Audit Team Leader be given delegated authority to make minor amendments to these policies, for example, changes to job titles; and
- (c) These policies be reviewed every four years meaning that the Committee next reviewed them in 2018 unless there were any major changes.

(Proposed by the Chairman)

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

57 **TAKING ACTION AGAINST COUNCILLORS (01:17:54)**

The Committee had before it, and **NOTED**, a report * from the Chief Executive addressing the resolution of the Standards Committee held on 28 August 2014, namely "to ask officers to provide a constitutional amendment which clarifies who can take action against Councillors, under what circumstances and to establish a right of appeal."

The Chief Executive stated that an area of confusion existed regarding the operational management of Phoenix House. There was currently no provision within the Constitution other than for the Chief Executive to exclude Members from the non-public areas of Council buildings. It had not been possible or feasible for him to have set out every possible misdemeanour within his report and the resulting necessary action.

Cllrs R M Deed and Mrs J Roach stated that they felt that the exclusion of Members should not take place until it had been agreed and confirmed by the Standards Committee. To their knowledge no complaint had ever been made about the Member in question by any member of staff and they had considered that the action taken had been unreasonable.

The Chairman stated that the time had come to acknowledge that an impasse had been reached and questioned whether the Audit Committee could do anything practical to help reach a conclusion on this matter. He proposed that the report be **NOTED** and that the matter be brought to a close. There were no objections to this from the Committee Members present.

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

58 **IDENTIFICATION OF ITEMS FOR THE NEXT ORDINARY MEETING: 27 JANUARY 2015 (01:36:18)**

Other than the items already listed in the work programme for the next ordinary meeting it was also mentioned that a report detailing an independent review of the Internal Audit Service would be brought to the next meeting.

(The meeting ended at 19:40pm)

CHAIRMAN