

MID DEVON DISTRICT COUNCIL

MINUTES of a MEETING of the AUDIT COMMITTEE held on 24 January 2017 at 5.30 pm

Present

Councillors

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

Apologies

Councillors

T G Hughes and L D Taylor

Also

Present

Steve Johnson (Grant Thornton)

Present

Officers

Stephen Walford (Chief Executive), Andrew Jarrett (Director of Finance, Assets and Resources), Catherine Yandle (Internal Audit Team Leader), Nicky Chandler (Auditor), Suzanne Kingdom (Auditor) and Sarah Lees (Member Services Officer)

61. ELECTION OF VICE CHAIRMAN

RESOLVED that Councillor Mrs C A Collis be elected Vice Chairman of the Committee for the remainder of the municipal year 2016/17.

62. APOLOGIES

Apologies were received from Councillors T G Hughes and L Taylor.

63. PUBLIC QUESTION TIME

There were no members of the public present.

64. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 22 November 2016 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

65. CHAIRMAN'S ANNOUNCEMENTS

The Chairman had no announcements to make.

66. INTERNAL AUDIT OPTIONS FROM 2017/18 (00:03:50)

The Committee had before it a report * from the Internal Audit Team Leader summarising the options the Council had for Internal Audit provision going forwards.

It was explained that as a result of changes made in other areas of the service the Leadership Team had decided that the present Internal Audit Team Leader was the best person to take on the responsibility for Governance reporting within the Council. As a result of this there was not only too much work for one person to do but there were potential impairments to the Internal Audit Team Leader's independence which was a fundamental requirement of the Public Sector Internal Auditing Standards

hence there had been a need to consider alternative approaches to service provision to determine the most efficient option and also the best value for money. The options available to the Council were outlined within the report. The two Internal Auditors within the team had been invited to attend the meeting to take part in the discussion.

Discussion took place regarding:

- The Internal Auditors' views on the different options.
- Whether or not going out to tender was a viable option and whether other providers not hitherto considered could provide similar terms and conditions to the Council.
- The need to consider what would deliver the best outcomes both for the Council and for the employees.
- Access to a wider pool of auditors could give access to a wider range of specialisms.

The Committee felt that it was difficult to make a decision without all of the information before them and that a deferral would allow for additional relevant information to be sought prior to being brought back for a decision. It was explained that a decision was not time critical and a delay in a decision was manageable.

RESOLVED that a decision on Internal Audit Options be deferred until the next meeting due to the need for additional information.

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

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

67. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN**

The Committee had before it, and **NOTED**, a report * from the Internal Audit Team Leader providing the Committee with an update on progress made against the 2015/16 Annual Governance Statement Action Plan.

The contents of the report were outlined and particular attention was drawn to the Action Plan. The Chief Executive was asked why actions relating to the staff survey and the Members complaints process had not been completed by the target date. It was explained that a new staff survey had recently been carried out with a closing date of 9 December 2016 therefore it would have been impossible to meet the October 2016 deadline. The results from the recent survey would be compared to the previous survey and there would be discussion both with staff and Unison before coming to any conclusions. As regards the complaints process, this was being discussed by the Standards Committee the following evening and would follow a timetable to allow due diligence and informed decision making. He considered that these revised target dates were completely realistic.

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

68. **INTERNAL PROGRESS REPORT**

The Committee had before it, and **NOTED**, a report * from the Internal Audit Team Leader updating the Committee on the work performed by Internal Audit for the

2016/17 financial year. It was explained that the report covered the period up to the end of December 2016. System and core audits completed were below target and system audit completions were likely to remain so at the end of the year. Some audits had taken longer than expected and time lost due to additional responsibilities.

Three Internal Audit opinions had been issued since the last report in relation to the following service areas:

Car Parking

The Committee were reassured regarding a loss of data on car park vends during one month. Foul play had not been the causing factor and the sealed cash boxes inside had not been damaged. There was every confidence that the bankings recorded were accurate and correct.

Payroll

No comments were made regarding this audit.

Housing Benefit

A question was asked as to how many overpayments over £2,000 had occurred. The Internal Audit Team Leader explained that she did not have the information to hand but would get back to the Councillor after the meeting.

A general comment was made by the Chairman that there was now only one outstanding audit recommendation remaining with a high priority which had an acceptable explanation. However, 34 medium audit recommendations remained which he had brought to the attention of the Chief Executive. The Chief Executive had said that he would follow these up and actions would be monitored by the Leadership Team on a regular basis.

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

69. **INTERNAL AUDIT REPORTS**

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

70. **PERFORMANCE AND RISK**

The Committee had before it, and **NOTED**, a report * from the Director of Corporate Affairs & Business Transformation providing Members 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 contents of the report were outlined and discussion took place regarding the following Corporate priorities:

- Environment – only missed collections that were reported through the Customer Management system were recorded. If picked up within 48 hours a collection was not classed as missed.

- Economy – figures regarding the number of empty shops were doing well when compared to the national statistics.
- Community – compliance with food safety law was routinely followed up by the Environmental Health officers. The outturn report for 2016/17 would show whether there had been an improvement in “scores on the doors” for premises previously ranked with a low score.
- Corporate – number of days lost through sickness was lower than the ‘target’. Responses to FOI’s remained on target and Performance Planning Guarantee figures for quarter 2 and quarter 3 were on target.

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

71. **ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS FROM 2017/18**

The Committee had before it a report * from the Director of Finance, Assets and Resources discussing whether to recommend to full Council to opt in to the Public Sector Led body to appoint external auditors for five years from 2018/19. The Director explained that he had now received a formal invitation from the Public Sector Audit Appointments (PSAA). To date circa 220 councils had decided to opt in to the PSAA offer to enter into a joint contractual arrangement and it was his recommendation that this was the cheapest and the easiest option. There were relevant economies of scale and ‘at the end of the day’ Audit providers offered a generic service.

RECOMMENDED to Council that Mid Devon District Council accepts the Public Sector Audit Appointments (PSAA) invitation to ‘opt in’ to the sector led option for the appointment of external auditors for up to five financial years commencing 1 April 2018.

(Proposed by Cllr R F Radford and seconded by Cllr Mrs J B Binks)

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

72. **EXTERNAL AUDIT PROGRESS REPORT AND UPDATE**

The Committee had before it, and **NOTED**, a report * from the external auditors providing a progress report and update. They would be commencing their interim audit in two week’s time when they would be undertaking early testing work which would culminate in bringing the audit plan to the next meeting.

Items of interest within the report were brought to the attention of the Committee including the following:

- The comprehensive income and expenditure statement would now mirror the Council’s internal reporting.
- National Audit Office publications.
- The Joint Venture Seminar which had been run by Grant Thornton on 6 December 2016 and which the Director of Finance, Assets and Resources and the Audit Committee Chairman had attended. Both commented that the event had been well organised, they had valued the honesty from other local

council's which had been refreshing and the discussion on risk had been informative.

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

73. GRANTS CERTIFICATION REPORT

The Committee had before it a report * from the external auditors regarding their certification work for the Council for the year ended 31 March 2016. It was explained that the audit had gone well. The area was very well managed given its complexities. Some areas had been identified as needing additional testing but there had been nothing to cause concern.

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

74. 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:

Internal Audit Options
Grant Thornton – Audit Plan

(The meeting ended at 6.50 pm)

CHAIRMAN