

Report from the Chairman of the Audit Committee for 2016/17

They say that when reading a report such as this, the reader tends to get bored by around paragraph 3 and will have lost the will to continue by Para 5, therefore for those who have such a disposition I am placing the most important aspect of the past year at the start of the report as opposed to the end as is the norm.

The year saw many areas of new and continued success for MDDC and the Audit and finance teams with that very broad statement doing little to truly identify how such things happen.

Although as chair my thanks go to all committee members past and present I believe they would agree to a man (and woman) that without the hard work undertaken by both our own and external staff our meetings would have little by way of meaningful content .

My special thanks go to Sarah Lees who in truth does more to ensure the meetings run as smoothly as they do than anybody else, this is done with a smile and on occasions a stern glance towards myself that ensures both the agenda and required formalities are adhered to. Audit may be the short straw as meetings go but Sarah's hard work does much to make them run as they do and more importantly keep me informed and on the right track.

Our officers in both the audit team, Catherine Yandle as lead, expertly assisted by Suzanne Kingdom and Nicky Chandler, do a fantastic job preparing internal audit reports and all associated documents and explanations of actions and of course the finance team who are required to make sense of all those figures and present them to committee in a way we can understand them.

My thanks to Andrew Jarrett our Director of Finance, assets and resources and his team for their fantastic efforts that enabled this council to be one of the first within the UK To submit our annual accounts on 31st May 2016 and obtained agreed sign off by our external auditors on 15th July 2016, a remarkable achievement .

Finally this past municipal year saw the committee lose Cllr Frank Letch to whom I offer my personal thanks for his valued contributions and the informed contributions of two MDDC officers who had attended and complimented our work and understandings in a very professional and personable manner, Mr Andrew Cawdron and Mrs Amy Tregellas, our thanks and best wishes to both.

Now the really good bits.....

This year's report starts with the meeting in March 2016, as with most years those with a burning desire to interrogate the happenings within the January meeting need to reference to the previous annual report or may of course look the individual meeting up on the MDDC web site.

March 2016

March saw a full turn out of all members of the committee and gave a flavour of the year to come and the ever increasing changes seen within the world of Audit, we heard of the early filing of accounts required by central Government for 2018.

Committee noted reports on ...

The code of Corporate governance, MDDCs Risk and opportunity strategy, plus internal Audit reports and an update on progress against past audit recommendations, an area that as in the past again gave the committee a deal of concern on reported lack of progress.

We heard from our External Audit team from Grant Thornton on their advised programme for the coming year and also the letter of certification that although a legal requirement also brings the news of the Fees to be paid for their services, these being £55,118 for the Council Audit and Grant Certification, this being Down against the previous year's total of £72,810, for this year there was also some £2,900 of other fees details can be found within the report documents for this meeting.

May 2016

First meeting of the new municipal year of 2016/17 sees the election of the chair and vice chair, I was delighted to have been nominated and the committee voted to allow me to continue as chair and I was joined by Cllr Frank Letch as vice chair.

The business of the day saw the agreed group substitutes named and a raft of documents and reports noted after detailed discussion, these included, the internal audit outturn report, Three separate internal audit reports, Corporate health and Safety, Main accounting systems and Procurement, the performance and risk report as well as updates on the Draft Governance statement, plus a very detailed report on the progress being made to enable MDDC to complete and submit our annual report and accounts for inspection and certification at the earlier date of 31st May, given the progress and positive report it was agreed that a special meeting would be arranged to give opportunity for discussion on 15th July.

June 2016

June was one of the briefer meetings of the year, however we managed to pack in and debate various internal audit reports and it was at this meeting that committee again focused on outstanding recommendations from past audits, although it was recognised that good progress had been made in reducing the outstanding high

priority recommendations committee asked senior officer in attendance to reiterate the message to other senior staff members that progress was sought on outstanding medium risk recommendations that remained outstanding.

Committee had before it a report on why the appointment of external auditor's was required to change, mainly due to the closure of the audit commission and the time line of 2017 was required to agree a way forward.

There was no external auditors update as they were not in attendance due to time frames on completion of all work to finalise the annual accounts.

July 2016

The meeting due on the 26th July had been cancelled in order that this earlier meeting could be held on the 15th and with an 11am start time!! (for an excellent reason.)

July 15th was the first day any U.K. Council could debate and resolve that the annual accounts were approved, after officer reports on both the Governance statement and the annual accounts committee so voted thus MDDC being confirmed as one of the very first UK councils to do so.

September 2016

September's meeting returned to normal schedule and time slot with another extremely full agenda.

As chair I gave detail of available training via Grant Thornton our external auditors that was scheduled to take place at Sparkford Museum or Buckfast Abbey, these are excellent days to learn and compare, I attended at Sparkford later in the year and I know other committee members also attended and thoroughly enjoyed the day as well as learning a great deal.

Standard reports on Performance and Risk along with internal reports were debated by committee, it should be noted that a deal of debate was had when discussing the report on sickness and time off, that resulted in committee asking myself as chair to write to the CEO requesting he attend the next meeting to discuss the committees concerns as the report indicated a continuation of issues from the previous year.

Further discussion took place on the arrangement for the appointment of external auditors and the director finance Mr Andrew Jarrett gave an excellent explanation on the revised financial and contract rules.

We also had updates from Grant Thornton on the audit letter and External Audit progress report.

November 2016

Although we did not know at the time September had seen the final meeting attended by Amy Tregellas and Novembers meeting welcomed senior officer and

Director of Corporate Affairs and Business Transformation, Mrs Jill May, we also had a change within committee ranks with Cllr Frank Letch being replaced by Cllr Luke Taylor.

The committee also welcomed our chief executive Mr Stephen Walford following my invitation as detailed in Septembers meeting.

The meeting had the normal performance and risk reports and a number of internal audit reports were discussed and Grant Thornton also gave updates on their work to date.

The main bulk of the meeting was taken up with a general and at times specific discussion session with the CEO, given I have to have my report finalised pre the end of next week I would direct you dear reader to the detailed minutes of the meeting as displayed on the MDDC web site.

However it should be noted the debate was detailed, specific and undertaken in an honest and open manner.

January 2017

Well that was Christmas over and it was back to earth with the first Audit meeting of 2017.

The first order of business was the election of Cllr Christine Collis as vice Chair as we had lost Cllr Letch.

Committee welcomed the attendance of both our audit team officers Suzanne Kingdom and Nicky Chandler as we held a long and detailed debate on the options available for the internal audit teams future and how MDDC would have the process of internal audit overseen and managed going forward.

However after much debate a decision was delayed to allow both Suzanne and Nicky to visit the premises of one of the possible outside organisations offices.

We returned to updates on the Annual governance statement and herd detail of further internal audit reports.

Perforated risk was discussed with an emphasis on MDDCs corporate priority areas.

For the third time committee discussed the required arrangements for the appointment of external auditors and it was recommended that MDDC accept the public sector audit appointments invitation to "opt in" to the sector led option for the appointment of external auditors commencing 1st April 2018.

We also had the usual reports from Grant Thornton on their progress report and certification report.

And finally.....

A special meeting was held on 21st February 2017

This meeting was a one item agenda called to resolve the issue of what option committee wished to recommend to officers concerning the procurement of audit management going forward, the meeting was needed as the time frame required for

whatever option was chosen needed a decision in order that any external suppliers could be invoked with the planning of the internal audit programme going forward.

After a degree of debate the following decision was the last decision for the audit committee of the 2016/17 corporate year.

RESOLVED that the Management Team be informed that having carefully considered the options available, it was the Audit Committee's opinion that the Council should pursue procuring Audit management via a Service Level Agreement (SLA) or enter into Partnership Arrangements with an External Provider.

Finally.....

As we move forward as a council into the unknown and challenging world of commerce, we must remember that to take risks is to set goals that challenge and defy what has gone before, to fail is to learn but without failure we cannot cherish success.

Bob Evans
MDDC
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