

TORRIDGE DISTRICT COUNCILAUDIT & GOVERNANCE MEETINGCaddsdow Business Support Centre, Clovelly Road, Bideford - BidefordTuesday, 27 July 2021 - 2.00 pm

PRESENT	Councillor P Hackett (Chair)	
	Councillor R Craigie (Vice-Chair)	
	Councillors D Bushby and K Hepple	
ALSO PRESENT	D Heyes	- Finance Manager (Section 151 Officer)
	C Dobbs	- Service Improvement Officer
	T Vanstone	- Senior Electoral & Democratic Services Officer
	K Hewlett	- Electoral and Democratic Services Officer
	A Davies	- Grant Thornton
	R Hutchins	- Devon Audit Partnership
	P Middlemass	- Devon Audit Partnership

76. MINUTES

The Chair ran through the minutes of the meeting held on Tuesday 30 March 2021 and no issues were raised.

Proposed by: Councillor Philip Hackett, seconded by Councillor Ruth Craigie and -

Resolved:

That the minutes be confirmed as a correct record and signed by the Chair.

(Vote: Yes – 3, Abstain - 1)

77. DECLARATION OF INTERESTS

There were no declarations of interest.

78. AGREEMENT OF AGENDA ITEMS PART I AND II

The agenda as circulated was agreed.

79. URGENT MATTERS BROUGHT FORWARD WITH THE PERMISSION OF THE CHAIR

There were no urgent matters brought forward.

## 80. GRANT THORNTON UPDATE REPORT

The Chair introduced the Engagement Manager from Grant Thornton to the meeting and it was requested the 3 items for Grant Thornton be discussed together due to cross over. With the agreement of the Chair items 80, 86 and 87 were discussed and a summary is below.

The Engagement Manager directed Committee Members to Page 15 -16 of the Update Report and highlighted the key messages on progress.

It was confirmed that work is on schedule and no issues have been identified to date. There are some areas that need to be progressed and the Engagement Manager provided members with some insight on this before it was discussed as part of the report on audit findings to date.

The Engagement Manager talked through the significant risks, highlighted in the audit plan.

- 'Management override of control' which links to journals work and work around estimations. The aim is to complete this work by the end of the week and there are currently no issues to bring to the attention of Committee Members.
- Work on Pensions and the significant estimation within the financial statements is in progress and it was confirmed there are no issues to bring to attention of Committee Members. The Engagement Manager highlighted the letter of assurance that comes with this work – Grant Thornton is awaiting this letter in order to complete the work.
- Work on Property, Plant and Equipment – it was confirmed that the aim is to complete the bulk of the work by the end of week. The Engagement Manager highlighted that there are outstanding queries for the Valuer, who is on leave until September. It was confirmed that there are no issues to date that need to be raised with Committee Members.

The Engagement Manager highlighted areas where there are outstanding queries and internal processes need to be completed in order to finalise procedures – Grant Income, Receivables / Debtors, Financial Instruments and Council Tax were some of the more notable areas.

Chair asked for confirmation that Grant Thornton would be providing the pension letter / letter of assurance and queried the delay. The Engagement Manager confirmed that this is the role of a separate auditing team within Grant Thornton, he explained the reason for the delay and provided assurance regarding this piece of work.

The Engagement Manager confirmed Grant Thornton would look to provide the findings of the audit at the September Committee within the Audit Findings Report; so long as the valuer responses and the pension letter of assurance are complete.

The Engagement Manager moved onto the Value for Money section of the Update Report (page 15). It was explained that there had been a substantial change in the amount of work involved due to the introduction of the Annual Auditor Report and the new deadlines introduced to complete this work. However, the aim is for Grant Thornton to be completed for the September Committee meeting.

The Chair queried the proposed cost of the value for money audit and how this change in process will benefit Torridge District Council.

The Engagement Manager highlighted how the process worked and how the new report has been received positively by the Boards and Committees involved. It was stated that the key benefits were the provision of more baseline /benchmarking data and how the report provided a snapshot of all the issues in one place.

He highlighted how Economy Efficiency and Effectiveness benchmarking will be used to look at and challenge particular areas in terms of processes, and this would be used to provide recommendations for improvement going forward.

Chair asked for clarification that the letter, when received, would cover what drives costs, benchmarking and recommendations for improvement and the Engagement Manager confirmed this was correct.

The Engagement Manager highlighted the Audit Scope Letter and referred members to page 207. He clarified that the scope letter updates the audit plan in relation to the audit fee and provided members with a summary.

The Engagement Manager referred members back to the Update Report and mentioned the sector update on page 18 and page 20, which highlights some of the lessons learned and public interest reports.

The Chair asked members if there were any questions and asked the Engagement Manager how the audit is comparing to last year in relation to their requests for information and whether they felt they were requesting more information from the Finance Team.

The Engagement Manager stated he felt that, on a balance, requests were largely the same. It was possible there was an overall increase in requests, but this was to maintain best practice.

The Committee Members duly noted agenda items 80, 86 and 87.

## 81. AUDIT REPORTS ISSUED TO DATE

The Chair welcomed Paul Middlemass from Devon Audit Partnership, who provided Committee Members with a summary of the 5 internal audits completed since the

last Committee met and directed members to Appendix A, which provided a summary.

The opinion of the audits on Safeguarding and Housing Benefits & Council Tax Support 2020-21 were 'substantial assurance'. The opinion of the audits on Equality & Diversity, Risk Management and Car Parking were 'reasonable assurance'.

In relation to Safeguarding it was confirmed that controls were effective, but there were agreed recommendations in relation to the Section 11 Audit and the safeguarding policy.

In relation to Equality and Diversity overall there were effective arrangements in place to promote equality and diversity. It was felt more could be done in relation to increasing workforce diversity and Devon Audit Partnership noted more complete information on iTrent would support this. The importance of the annual equality and diversity report and equality and diversity training for officers and members were also highlighted.

In relation to Housing Benefit and Council Tax Support there is a strong control framework in place, this is despite a significant increase in work and subsequent demands on the team due to the pandemic. One impact has been increased time to process claims, but it was felt that quality checks have been maintained and collection rates are reasonable.

In relation to Risk Management Devon Audit Partnership were broadly content with the risk management framework, it was felt there needed to be more conscious review by the Risk Management Group, as well as more consideration of operational risk.

In relation to Car Parking it was identified there was a need for better monitoring of penalty charge notice collection – without this there is a risk of possible non-collection and future write offs when notices not collected. It was also suggested there should be more consideration given to risk assessment and safety of parking staff going about their duties.

The Chair asked if there were any questions and Committee Members duly noted the report.

## 82. ANNUAL INTERNAL AUDIT REPORT

Rob Hutchins Devon Audit Partnership Manger introduced himself and provided members with a summary of the Annual Internal Audit Report 2020-21.

The Devon Audit Partnership Manager mentioned the impact of the pandemic on the work of Torridge District Council and the partnership. He highlighted the assurance statement on page 40 of the report, which provides a 'reasonable assurance on the adequacy and effectiveness of the Authority's internal control framework'.

Committee Members were provided with information on internal audits that were covered throughout the year, along with the opinion outcome – no outcomes were ‘limited assurance’ or ‘no assurance’. The Devon Partnership Manager also highlighted the work that had been deferred as a result of the pandemic, so that front-line staff could concentrate on service delivery.

The Chair queried what delay there would be for these deferred audits and whether there was capacity for the work to be completed. The Devon Audit Partnership Manager explained the decision-making process regarding internal audits and how this is a risk-based response, he explained these areas of work would be considered in relation to this risk-based approach, along with the involvement of management.

Committee Members were directed to page 44 of the report regarding fraud prevention and detection. The Devon Partnership Manager confirmed that nationally they have seen an increase in levels of fraud, particularly in relation to the pandemic. However, there continue to be minimal levels of fraud within the council due, in part, to the diligence of the officers running the system.

The Devon Audit Partnership Manager highlighted Appendix 3 – Comparison of Audit Opinions on page 50 of the report. This table provided opinion on the number of controls looked at in each audit and the level of assurance given for each of these.

The Chair asked about the Covid-19 grant assurance. A Reasonable Assurance was provided in the table under risk opinion and the overall opinion was Substantial Assurance. The Devon Audit Partnership Manager confirmed that this was due to a change in the assurance opinion and should read as substantial.

The Chair asked if there were any questions and Committee Members duly noted the report

### 83. DRAFT ANNUAL GOVERNANCE STATEMENT

The Service Improvement Officer presented the Annual Governance Statement report to Committee Members and explained that the statement is shared with this committee before being published alongside the financial statements.

New guidance around the production of the Governance Statement was highlighted and the Service Improvement Officer explained the impact of these recommendations on the format, layout and content of this year’s report.

The Service Improvement Officer highlighted the governance framework on page 60 of the report, which provides members with an overview of the governance arrangements for Torridge District Council.

Committee Members were then provided with a summary of the report and the Service Improvement Officer highlighted the Action Plan on page 71, which identifies weakness that need to be addressed:

- Asset Management Plan
- Leisure contract
- Payment of Covid Grants and recovery action.

The Chair asked if there were any questions and Committee Members duly noted the report.

84. WAIVERS AND NON-COMPLIANCE WITH PROCEDURE RULES

Chair introduced the Section 151 Officer, who presented the report on non-compliance with procedure rules and waivers that had been approved.

Members were provided with detail regarding the number of waivers passed and the reason they were agreed, all were confirmed to be directly related to Covid and in response to the Pandemic.

The Section 151 Officer also highlighted the number of waivers agreed were the lowest in 10 years.

There were no questions and Committee Members duly noted the report.

85. PRESENTATION OF THE DRAFT FINANCIAL STATEMENT.

The Section 151 Officer talked through a summary presentation with Committee Members, which provided an explanation of the final accounts for 2020-21 and the auditing process. The Section 151 Officer provided Committee Members with an overview of the 4 key statements of accounts:

- Comprehensive Income and Expenditure
- Movement in Reserves Statement
- Balance Sheet
- Cashflow Statement

Committee Members were then provided with some detail on what each of the 4 statements of accounts covered in financial terms. It was confirmed that cashflow has increased this financial year and the Section 151 Officer explained what this meant in real terms for Torridge District Council.

Members asked the Section 151 Officer if there was any risk that the money set aside by Torridge would be claimed back by the Government at a later date. It was confirmed this would not happen because the money provided by the Government and set aside by Torridge was not ring-fenced.

The Chair asked whether the Section 151 Officer felt that Torridge District Council were in a good position, given the impact of the Pandemic. The Section 151 Officer confirmed that this would be picked up within agenda item 17 on Corporate Risk.

Committee Members duly noted the report.

86. DRAFT AUDIT FINDINGS

This item was covered by Grant Thornton under item 80 of the meeting, with agreement of the Chair.

87. EXTERNAL AUDIT FEES

This item was covered by Grant Thornton under item 80 of the meeting, with agreement of the Chair.

88. FORWARD PLAN

The Forward Plan was discussed with Committee Members and it was confirmed that the next meeting of the Committee in September will be focused on signing off the accounts for 2020-21.

The Section 151 Officer highlighted an outstanding item in relation to exploring the effectiveness of the Audit and Governance Committee. The Devon Audit Partnership Manager was asked for advice, and it was confirmed there is recommended good practice and Devon Audit Partnership could explore this with the Committee at a future meeting.

Committee Members agreed the forward plan.

89. EXCLUSION OF THE PUBLIC

The Chair moved:

That the public be excluded from the remainder of the meeting because of the likely disclosure of exempt information by virtue of paragraph 3 of Part I and paragraph 10 of Part 2 of Schedule 12A of the Local Government Act 1972.

It was proposed by Councillor Hackett, seconded by Councillor Craigie and

Resolved:

That the meeting move to Part II.

(Vote: Yes – Unanimous)

90. PART II (CLOSED SESSION)91. CORPORATE RISK

The Section 151 Officer provided an update on the Corporate Risk Register and ran through the identified emerging risks with Committee Members.

It was proposed by Councillor Hackett, seconded by Councillor Hepple and

Resolved:  
To come out of Part II and close the meeting.

(Vote: For - unanimous.)

The meeting commenced at 2.17 pm and closed at 3.35 pm

Chair:

Date: