

TORRIDGE DISTRICT COUNCIL

AUDIT & GOVERNANCE MEETING

Caddsdawn Business Support Centre - Bideford

Tuesday, 31 May 2022 - 2.00 pm

PRESENT

Councillor P Hackett (Chair)

Councillor R Craigie (Vice-Chair)

Councillors D Bushby, K Hepple, C Hodson and R Lock

ALSO PRESENT

D Heyes	- Finance Manager (Section 151 Officer)
P Middlemass	- Devon Audit Partnership Manager
A Squire	- Devon Audit Partnership
J Masci	- Key Audit Partner, Grant Thornton
T Vanstone	- Senior Electoral & Democratic Services Officer
K Hewlett	- Electoral and Democratic Services Officer

1. APOLOGIES

No apologies were received for the meeting.

2. MINUTES

The minutes of the meeting held on the 18th January 2022 were presented.

It was proposed by Councillor Hackett, seconded by Councillor Bushby and –

Resolved:

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

(Vote: for 4, Against 0, Abstain 2)

3. DECLARATION OF INTERESTS

Members with interests were asked to refer to the agenda item and describe the nature of their interest when the item was considered.

4. AGREEMENT OF AGENDA ITEMS PART I AND II

It was proposed by Councillor Hackett, seconded by Councillor Lock and –

Resolved:

That the agenda as circulated be agreed.

(Vote: For, unanimous)

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

There were no urgent matters brought forward.

6. DAP AUDIT REPORTS ISSUED TO DATE

The Devon Audit Partnership (DAP) Manager provided members with a summary of the internal audits completed since the last Audit & Governance Committee.

There were 5 audit reports completed, with the following assurances made:

Substantial Assurance	Main Accounting System Food Safety
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Reasonable Assurance	Building Control Strategic Planning
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Limited Assurance	Estate Management
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The DAP Manager went on to summarise the main findings.

Main Accounting System

It was confirmed that DAP were content with the arrangements that were in place, and the experience of the officers in the team was highlighted.

Food Safety

The DAP Manager explained this was an experienced team who were focused on delivery and meeting standards. It was stated that the team were recovering since the Covid 19 pandemic and are on track to meet target dates set out by Food Standards Agency.

Building Control

It was felt that the control framework was effective, as well as the recording and processing of applications and planning inspections, with good customer satisfaction and no complaints. The audit went onto consider how the service was recovering costs and it appeared to be making a loss of £80-90,000, it was stated

that the service had a very high market share and DAP felt there was some scope to review prices.

The Section 151 officer queried if this was after the allocation of overheads and it was confirmed it was. The Section 151 Officer went on to clarify what this loss represented and there was a discussion regarding building control and its market share locally.

Members suggested that charges were reviewed so they breakeven (the service is not able to make a profit). The process to review prices was discussed with members and the need to consider market sensitivities when reviewing prices was also highlighted.

It was suggested that this would be a piece of work that could be built into the fees and charges report for the next budget, and this would need to be in consultation with the service. It was questioned if this could be completed sooner - the Section 151 Officer confirmed this could be done under delegated powers, but it was felt this would be too big a commitment for the team in this financial year.

Strategic Planning

The DAP Manager confirmed they were impressed at the monitoring and reporting in place for the delivery of strategic objectives.

The impact of budget constraints on taking forward some of the strategic plan priorities was highlighted, along with the response to this. It was explained there was a recommendation to further consider internal and external strategies and other partnership agreements that may impact on the council's strategic plan.

Estate Management

The DAP Manager explained why a limited assurance level had been reached and provided members with some background to the previous audit work completed in this area. The impact of recent recruitment issues were highlighted for members and the DAP Manager directed members to the recommendations in the report.

The DAP Manager then asked for questions.

There was a further discussion regarding reviewing fees for Building Control and the impact of any changes. It was asked if Audit & Governance could put forward a recommendation to Community & Resources Committee. The Section 151 Officer confirmed that his team would look at this, with Building Control, as part of fees and charges work, and it was confirmed that Community & Resources would sign off on this as part of the fees and charges work.

There was a discussion regarding strategic planning and homelessness strategy and it was stated that the Household Support Scheme, supported by Encompass, should run from October to March 2023.

In reference to the audit on Estates Management member asked the DAP Manager to clarify which of the recommendations was high, and it was confirmed that it was the action relating to the Asset Management Plan.

There was a discussion regarding the Asset Management Plan and the Section 151 Officer explained how the current recruitment situation is impacting on this piece of work. It was confirmed that an Agency Worker was currently doing some of this work, and the previous Estate Manager is also continuing his work on the Asset Management Plan.

There was a discussion regarding the action on Health and Safety and members felt that this should have been a priority given the potential impact, the DAP Manger was in agreement.

Chair summarised the follow up work from the report and requested that Estate Management be added to the next cycle of the forward plan and reviewed for the next meeting.

It was proposed by Councillor Hackett, seconded by Councillor Lock and –

Resolved:

That Estate Management be added to the Forward Plan and an update provided at the next Audit Committee.

Vote: for, unanimous.

Following the vote there was a query regarding the final action for Estate Management. Members asked if a percentage of Health and Safety inspections completed were monitored within the QBRs. The Section 151 Officer stated that this wasn't, so members requested it be added. An action was agreed to follow this up with the Strategy, Performance & ICT Manager.

Members noted the report.

7. AUDIT PLAN 2022 - 2023

The DAP manager summarised the report, which provided members with the draft internal audit plan to review and comment on. Members were directed to the chart on page 17 which showed the audit plan area by days and the draft audit plan on pages 18-20.

The DAP Manager then asked members for their feedback.

Following a query on the climate change audit it was confirmed that this year it would have a focus on governance, but that DAP are working with other councils on climate change and a comparison measure could be built into the audit process if members requested this. It was explained next year could focus more on the delivery and projects.

There was a query in relation to Development Management being high risk and why this was linked to Issacs Yard in the comments. It was explained that this risk was when the project was still underway and related to the risks of going ahead with the development, so was now out of date.

Following a discussion regarding the risk calculations it was agreed that an updated DAP audit plan would be added to the agenda for the next meeting. The DAP Manager and Section 151 Officer also provided members with detail on how the audits were judged and explained how decisions were made regarding the focus of audits for the year and the resourcing of this work. It was confirmed that the plan was a live document and the Committee were able to suggest changes as well.

Specific mention was made of the Housing Options and Housing Renewal audits. It was queried whether there was a need to consider this a priority. The Section 151 Officer confirmed that Housing Options was due to be considered next year.

Members asked how the DAP were managing all audits for councils since the pandemic. It was confirmed by the DAP Manager that the overall KPI was 90% audits have been delivered.

Members duly noted the report

8. ANNUAL INTERNAL AUDIT REPORT 2021 - 22

The DAP Manager introduced the annual report and explained that it underpins the Torridge governance statement.

It was confirmed Internal Audit were able to provide a 'reasonable assurance' on the adequacy and effectiveness of the Authority - this was the same as last year's audit and comparable with the vast majority of Authorities in other areas.

Members were directed to the audit opinions for the 2021-22 financial year, which underpins the reasonable assurance categorisation.

Members asked for an update regarding the Harbour Board audit and it was confirmed that an audit took place on the Harbour Board last year, and the DAP Manager provided a summary of the findings for members.

Members raised concern regarding the Cemetery being listed as 'limited assurance'. It was confirmed that this was a separate audit, which took place before Grounds Maintenance returned in house. It was stated that there were also concerns regarding the operating systems that were being used.

Members duly noted the report.

9. AUDIT ACTIONS

The Section 151 Officer presented the report to members and provided an update on progress with implementing the agreed actions.

Members were informed that at the time of writing the report 19 actions were still open and within timescales and 10 actions were late, a total of 71 were completed.

The Section 151 Officer highlighted the table on page 39 and explained that this listed the late actions and reasons for the delay.

Members queried the action relating to Equality & Diversity and the Section 151 Officer arranged to contact the Head of Legal and Governance (Monitoring Officer) to clarify the comments.

The DAP Manager provided an update in relation to the action on Risk Management and confirmed that at this stage there was still no legal obligation to have an independent member on Audit & Governance.

Members raised the action for Estate Management and asked for clarity regarding the SAM ELF systems mentioned. The Section 151 Officer confirmed that these systems were used to log when energy efficiency surveys need completing and routine maintenance is required, it was explained that the system isn't currently being used as effectively as it should be to store the data, so work was underway to address this and progressing well.

Members duly noted the report.

10. GRANT THORNTON UPDATE REPORT

Julie Macsi, Key Audit Partner for Grant Thornton, presented the audit progress report for 2021 financial year and planning for the 2022 audit.

Discussion focused on the 2020-2021 audit sign off work, which was now 14 months overdue.

Chair clarified the minutes from the last meeting with the Key Audit Partner and noted his disappointment that there had been no communication from Grant Thornton since the last meeting to advised why the accounts were not signed off.

The Key Audit Partner apologised for any miscommunication and recognised there was a significant delay since the advice at the last committee. It was stated that this delay was a result of a capacity issue for the auditor and her team and nothing was outstanding from the Council.

The Key Audit Partner provided a summary of why there had been such a delay and an overview of the remaining work to be completed was provided for members. It was stated that a meeting was arranged for next Wednesday to complete the work for the 2020-21 audit to be signed off. The Chair requested confirmation from the Section 151 Officer following this meeting.

Members queried what impact this delay would have on the remaining audits – it was explained that there were currently 3 set of accounts open and unsigned. The Key Audit Partner stated that the timetable / planning for the 2021-22 audit remained in place. It was confirmed the team would be on site in July to start the detailed work on the 2021-22 statements. It was confirmed that a report would then come to the September committee meeting.

Members had sympathy with the situation but still felt it was unacceptable situation for an organisation the size of Grant Thornton. It was felt that communication with the Council could have been better, and that expectations could have been better managed. It was requested that this be addressed going forward.

The Key Audit Partner agreed to take onboard feedback from the Committee and suggested that a calendar of monthly meetings be set up with the Section 151 Officer going forward.

It was agreed that the Key Audit Partner would attend the next Audit & Governance Committee meeting in person - this would also provide the opportunity to have an update meeting before the Committee to address any matters of concern.

Chair summarised the concerns of the Committee and members noted the report.

11. GRANT THORNTON EXTERNAL AUDIT PLAN

The Key Audit Partner for Grant Thornton presented the audit plan for 21-22, which provided members with an overview of the planned work and timings. It was confirmed that the field work would commence this July.

The report aims to communicate the key focus areas and what Grant Thornton designate as the significant risks - some of these are presumed and are across all Local Authorities and some would be specific to Torridge.

The Key Audit Partner explained how these areas are decided and confirmed that the areas specific to Torridge were – property plant and equipment and the pension liability.

Members duly noted the report

12. GRANT THORNTON - INFORMING THE AUDIT RISK ASSESSMENT

The Key Audit Partner for Grant Thornton presented the report to members and explained this was in relation to the audit for 2021-22.

It was confirmed that management had already provided their responses to the risk assessment and Member now had the opportunity to review these responses and provide any additional feedback.

Members duly noted the report.

13. FORWARD PLAN

Chair reviewed the forward plan with members, and it was confirmed the below two items would be added to the forward plan for the next meeting:

- The Asset Management Plan
- DAP update regarding the internal audit plan and risks.

14. EXCLUSION OF THE PUBLIC

15. PART II (CLOSED SESSION)

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

Resolved:

That the meeting move into Part II.

(Vote: For, unanimous).

16. RISK REGISTER

The Section 151 Officer provided members with a detailed presentation in relation to risk. As part of the briefing, it was confirmed that the Audit & Governance Committee would hold a scrutiny role in relation to the newly established budget group.

The meeting commenced at 2.00 pm and closed at 3.57 pm

Chair:

Date: