

TORRIDGE DISTRICT COUNCIL
AUDIT & GOVERNANCE MEETING

Remote Meeting Via Zoom

Tuesday, 22 September 2020 - 2.00 pm

PRESENT Councillor P Hackett (Chair)

 Councillor C Hodson (Vice-Chair)

 Councillors R Craigie, K Hepple and D Jones

ALSO PRESENT S Hearse - Chief Executive

 D Heyes - Interim S151 Officer

 R Hutchins - Devon Audit Partnership Manager

 T Vanstone - Senior Electoral & Democratic Services Officer

 C Dobbs - Service Improvement Officer

 K Brown - Democratic Services Officer

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Councillors N Laws

22. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Rossi with Councillor James as substitute.

23. MINUTES

The minutes of the meeting held on the 28th July 2020 were presented.

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

Resolved:

That the minutes be confirmed as a correct record.

A recorded vote was taken

Councillor	For	Against	Abstain
Cllr Craigie	X		
Cllr Hackett – Chair	X		

Cllr Hepple	X		
Cllr Hodson – Vice Chair	X		
Cllr James			X
Cllr Jones	X		

(Vote: For - 5, Abs - 1)

24. ACTION LIST

Minute 112 – The Service Improvement Officer confirmed Mark Gayler is attending today's meeting to present an update on the Pension Fund Investment Strategy

Minute 121 – The Chief Executive confirmed Mark Williams is no longer our district representative and due to internal staff changes Simon Toon is no longer the Authority's Customer Service Manager. Need to establish with Devon Audit Partnership if this is still required and will take forward to the next meeting.

Harbourboard Maintenance Plan – The Chief Executive advised this is to be referred to the Harbourboard Committee for consideration.

The Service improvement officer confirmed that the Social Values Policy is now completed and referred to the Climate Change Working Group who are looking at responsible Procurement and how it should be applied at Torridge.

25. DECLARATION OF INTERESTS

There were no declarations of interest.

26. AGREEMENT OF AGENDA ITEMS PART I AND II

The agenda as circulated was agreed however no vote was taken as there were no Part II items.

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

There were no urgent matters brought forward.

28. PENSION FUND PRESENTATION

Mark Gayler, Assistant County Treasurer, Investments & Treasury Management at Devon County Council presented the Pension Fund Investment Strategy to the Committee.

Councillor Craigie asked the following questions:

- 1 - Is it Devon County Council's aim to be Carbon net zero by 2050?
- 2 - Why is there no sustainable equities target for 19/20 but there is for 20/21 and what targets are being looked at?
- 3 - Has there been a reduction in staff at Devon County Council because of Brunel?
- 4 - Can we influence what the Pension Fund invests in and how do we influence the Devon Strategy
- 5 - TDC's deficit in our contributions is lower, is this a concern?

Mark Gayler, Assistant County Treasurer, Investments & Treasury Management at Devon County Council gave the following answers:

1 – Yes. DCC are aware of Torridge's target of 2030 and will try to achieve their own target sooner is possible

2 - Brunel's sustainable equities portfolio is due to launch at the end of this month and this will include targets from Devon Pension Fund. It looks at companies that are taking more action with regards to Climate Change and are more sustainable.

3 - Savings on staff were made when staffing levels were reviewed within the team. Even though Brunel is seen as an overhead they do save money as the increased volume of monies invested result in reduced management fees from investment companies.

4 - Every year there is an employer's meeting with the Devon Pension Fund where there is the opportunity to ask questions and put forward points. Depending on the outcome, action can be taken where applicable. Once a year there is a meeting which is open to all Pension Fund members to attend that is Webcast and gives members the opportunity to voice their point of view. People can also write to the Pension Fund.

5 - It is improving. There is a plan in place to get to a fully funded position and this is why TDC are making deficit contributions. The contributions to the underlying pension deficit are reviewed every three years.

Following a query from the Chair, Mark Gayler confirmed that Grant Thornton, LLP Audit the Pension Fund. He was not entirely sure when the Audit would be concluded by but suggested beginning of November 2020.

The Chair also asked about the deficit and Mark Gayler confirmed each Authority is assessed separately depending on their positions, however age of staff and whether lump sums have been paid in can affect the deficit.

Councillor James left the meeting at 2:50pm

29. REPORT ONGOING CONCERN

The report was presented by the Interim Section 151 Officer and the purpose was to consider the assessment of the Council as a "going concern" in light of the closure of the Statement of Accounts for 2019/20.

The Chair commented that the report was excellent and duly noted by the Committee.

30. CHANGES TO EXTERNAL AUDITOR EMPHASIS - FINANCIAL RESILIENCE

A verbal update was deferred by the Interim Section 151 Officer as it would have been a duplicate of item 14 which Grant Thornton, LLP External Auditors were giving a verbal update on to the Committee.

31. PRESENTATION OF THE ANNUAL GOVERNANCE STATEMENT

The Service Improvement Officer presented the report the purpose of which was to seek Committee approval for the Annual Governance Statement for 2019/2020.

Following queries from Councillor Craigie on how we compare complaints on this report to previous years, when did the Authority last review the complaints procedure and which area do we receive most complaints the Service Improvement Officer confirmed that we received less formal complaints in 2019/20, the procedure was last reviewed in April 2019 and complaints are across the board with no specific area receiving significantly more than others. An annual summary of formal complaints is included in the Members Bulletin.

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

Resolved:

With amendments suggested by Councillor Hodson to page 34 to read Northam Burrows not Northern Burrows (this also needs amending in the AGS pages in the Financial Statement) and page 36 to read Hostel/Temporary Accommodation not Affordable Housing, and to include reference to DFG's.

A recorded vote was taken

Councillor	For	Against	Abstain
Cllr Craigie	X		
Cllr Hackett – Chair	X		
Cllr Hepple	X		
Cllr Hodson – Vice Chair	X		
Cllr Jones	X		

(Vote: Unanimous)

32. PRESENTATION OF THE FINANCIAL STATEMENTS

The Interim Section 151 Officer presented an update on the Financial Statement 2019/20.

This report had previously been presented at the Audit & Governance Committee meeting on 28/07/2020. Since then one change has occurred to the External Audit Fee which has been revised upwards of £3,000.

The report was noted.

33. ISA260 AUDIT FINDINGS REPORT 2019/20

The Director, Alex Walling of Grant Thornton LLP, External Auditors presented the report on ISA260 Audit Findings Report 2019/20.

The Chair raised concern to the Audit taking so long to complete and the potential risk from having two financial year's ledgers open. Alex Walling advised it is taking longer due to remote working arrangements however she gave praise to TDC's Finance Team for the work they have done. The deadline is the end of November and delays are not down to TDC's Finance Team however there are queries outstanding with regards to the Pension Fund and Property, Plant and Equipment which is with the external Valuer. Work is taking longer not just with TDC but with other customers and a member of Grant Thornton staff who was the lead on this is now only working part time, due to colleague commitments. The amount of work has increased dramatically to appease the regulators and asking for additional assurances has added to time.

The Interim Section 151 Officer, David Heyes advised that the 2019/20 ledgers are closed when Grant Thornton give their audit opinion but there is minimal risk to TDC but he would push for this to be finalised to eliminate any risk.

Following a query from the Chair as to internal communications within Grant Thornton Alex Walling confirmed that they have spoken with the Pension Fund Auditor but due to requests from the Actuary processes have taken longer to obtain the assurances needed.

The Chair commented that it has not been satisfactory for the Authority and changes are needed for next year.

The report was noted.

34. APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2020

To approve the Financial Statements for Year Ending 31 March 2020.

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

Resolved:

Although a final audit opinion has yet to be provided by GT, it was agreed by the Committee to continue to the vote as advised by the Director, Alex Walling of Grant Thornton LLP and the Interim Section 151 Officer of TDC as they could not foresee any major changes, however if changes were later required it would be referred back to the Audit & Governance Committee.

A recorded vote was taken

Councillor	For	Against	Abstain
Cllr Craigie	X		
Cllr Hackett – Chair	X		
Cllr Hepple	X		
Cllr Hodson – Vice Chair	X		
Cllr Jones	X		

(Vote: Unanimous)

The Letter of Representation, Financial Statement and AGS, were duly signed by the Chair of Audit & Governance Committee and Interim Section 151 Officer.

The Chief Executive left the meeting at 3:26pm

35. INDEPENDENT REVIEW OF LOCAL AUTHORITY FINANCIAL REPORTING AND EXTERNAL AUDIT

A verbal update was given by the Director, Alex Walling of Grant Thornton LLP.

Key areas were the Redman Review and the change to the Code of Audit Practice.

Recommendations from Redman Review to be reported to MHCLG:

- New regulator – The Office of Local Audit and Regulation to replace FRC and PSAA
- Revision to the current fee structure
- Audit deadline change back to the end of September
- Simplify accounts (to make them easier to follow by the tax payer)
- Improving Governance and reporting
- Develop an Audited Account Summary Document

Changes to the Code of Audit Practice:

- Set by National Audit Office and covers Local Authorities and the NHS.
- Laid before Parliament in April 2020 and is applicable from 2020/21 financial year onwards and key change is value for money.
- Financial sustainability
- Governance.
- No longer an Audit Opinion but a Commentary

Following a query for Councillor Hodson with regards to the difference between an Opinion and Commentary, Alex Walling advised an Opinion is binary and Commentary is to draw a conclusion.

Following a query from Councillor Craigie asking how often the Authority has to value their assets, Alex Walling advised it has to be at least every 5 years, however the Authority could choose to do it more frequently.

The report was noted.

36. EFFECTIVENESS OF THE AUDIT COMMITTEE

Rob Hutchins from Devon Audit Partnership presented a report on the Effectiveness of the Audit Committee the purpose of which is to consider the Chartered Institute of Public Finance and Accountancy (CIPFA) self-assessment checklist for Audit Committees.

Referring to the recommendations on the report Rob Hutchins invited the Committee to comment on how they think the remote working arrangements are working for this Committee

Following a query from Councillor Craigie with regards to when a Carbon Audit alongside the Financial Audit will be conducted Rob Hutchins advised an Environmental Audit is in the plan this year as an internal audit review. Chris Dobbs, the Service Improvement Officer also confirmed that the Authority's Climate Change Working Group are progressing this.

Councillor Jones commented that he thinks the remote virtual meetings work well with a committee this size and would be happy for it could continue post COVID-19.

The Chair agreed the remote virtual meetings work well although sometimes it is more beneficial to see people in person on more detailed topics.

The report was noted.

37. AUDIT REPORTS ISSUED TO DATE

Rob Hutchins from Devon Audit Partnership presented a report on the Audit Issued to Date the purpose of which was to provide a summary of the audit reports issued to date to enable members to discuss any matters they wish to raise.

The individual reports had previously been circulated.

Councillor Hodson made the following comments:

- Members need to be briefed on Part II items before discussed at meetings
- Important that Members understand risk management
- Lead Members maybe encouraged to have more knowledge of risks to individual services
- Members need to make sure we are evaluating the risk management register especially with COVID-19
- Risk Register need to be on the Agenda for every meeting

The report was noted.

38. PROGRESS WITH AGREED ACTIONS

The Service Improvement Officer presented the report on Progress with Agreed Actions the purpose of which was to provide an update on progress with implementing agreed actions.

Since the Audit & Governance Committee in January 2020 there has been 13 internal audit reports issued containing 40 agreed new audit actions. In the same period there have been 49 actions completed by management.

Following an enquiry from Councillor Craigie with regards to the Tree Strategy being delayed, the Service Improvement Officer confirmed that queries surrounding trees are dealt with by the Planning Department and possible delays are due to the Planning Department being busy however completion is expected for the end of October.

The report was noted.

39. AGS - REVIEW OF GOVERNANCE DATABASE (PRINCIPLE C)

The Service Improvement Officer presented the report on AGS – Review of Governance Database (Principle C) the purpose of which is to satisfy the Committee that the AGS Supporting Evidence reflects the governance framework.

Following a query from Councillor Hodson the Service Improvement Officer confirmed that a new database is produced every year in the autumn to ensure the Authority gets evidence to support the governance statement.

The report was noted.

40. FORWARD PLAN

The Forward Plan was considered, and the it was agreed that at the end of the financial year in cycle 7 a COVID-19 impact report be included.

No vote was taken.

41. PART II (CLOSED SESSION)

The meeting commenced at 2.00 pm and closed at 4.17 pm

Chair:

Date: