

TORRIDGE DISTRICT COUNCILAUDIT & GOVERNANCE MEETINGCaddsdwn Business Support Centre, Clovelly Road, Bideford - BidefordTuesday, 5 October 2021 - 10.00 am

PRESENT	Councillor P Hackett (Chair)	
	Councillor R Craigie (Vice-Chair)	
	Councillors D Bushby, K Hepple, R Lock and P Pennington	
ALSO PRESENT	S Dorey	- Head of Legal & Governance (Monitoring Officer)
	D Heyes	- Finance Manager (Section 151 Officer)
	J Walter	- Strategy, Performance & ICT Manager
	J Jewell	- ITC Security & Infrastructure Specialist
	T Vanstone	- Senior Electoral & Democratic Services Officer
	K Hewlett	- Electoral and Democratic Services Officer
	A Davies	- Engagement Manager, Grant Thornton
	J Masci	- Key Audit Partner, Grant Thornton
	P Middlemass	- Devon Audit Partnership Manager

92. MINUTES

Chair welcomed new members Councillor Lock and Councillor Pennington to the meeting.

The minutes of the last Committee held on Tuesday 27 July 2021 were presented and no issues were raised.

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

Resolved:

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

(Vote: Yes 3, Abstain 2)

93. ACTION LIST

There were no outstanding actions on the action list.

94. DECLARATION OF INTERESTS

There were no declarations of interest.

95. AGREEMENT OF AGENDA ITEMS PART I AND II

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

Resolved:

That the agenda as circulated be agreed.

(Vote: Yes – unanimous)

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

There were no urgent matters brought forward.

97. AUDIT REPORTS ISSUED TO DATE

Paul Middlemass (Devon Audit Partnership Manager) joined the Committee remotely to present members with a summary of the internal audits completed since the last committee meeting.

Appendix A was highlighted as a summary of the audit findings and it was confirmed that the detailed report for each audit had previously been circulated.

Three internal audits were discussed. The opinion of the audit on debtors was 'reasonable assurance'. The opinion of the audits on Cemeteries and Homeworking Security and Capacity were 'limited assurance'.

In relation to debtors it was explained that this audit considered how debt management was handled over the previous year and the impact of resources being moved to manage grant distribution. It was confirmed that debt did increase slightly over the year, and this was mostly due to the decrease in monitoring over that time due to staff being allocated to Covid duties such as grant distribution.

In relation to cemeteries the Devon Audit Partnership Manager highlighted that the grounds maintenance contract would be moving in house. It was confirmed that, in order to improve the issues identified by the audit, regular meetings with the current contractor are now in place. IT systems were also mentioned as actions that needed taking forward.

In relation to homeworking security and capacity the use of council mobile phones and remote working technologies was focused on and the audit was benchmarked using a Government model regarding the controls that should be in place. The Devon Audit Partnership Manager referred members to the list of strengths and weaknesses listed in the report and explained that 3 'high' recommendations and 6 'medium' recommendations had been made and this was indicative of the high-risk

area being looked at. The Devon Audit Partnership Manager stated he was encouraged that actions had been implemented immediately, or will be completed within 3 months.

Members expressed their concern regarding the audit on cemeteries, due to receiving complaints from members of the public and the distress this causes.

Members also highlighted that the service currently had no member of staff trained to use the AutoCAD software and queried why this hadn't been addressed straight away. The Devon Audit Partnership Manager explained that updates appear to be completed when required by external CAD providers and there was a plan to recruit someone with this experience. There was a further query regarding the software licence, and the Devon Audit Partnership Manager arranged to provide an update on this following the meeting.

Members asked what the next steps would be considering some audits provided limited assurance. The Devon Audit Partnership Manager confirmed follow up work would take place to check on the progress of actions in early 2022. This would be alongside the usual tracking of actions that the Section 151 Officer completes.

Member's queried whether the contractor for cemeteries was still being paid, it was confirmed by the Section 151 Officer that the contractor is only paid for the work they complete.

Members duly noted the report.

98. EFFECTIVENESS OF THE AUDIT COMMITTEE

The Devon Audit Partnership Manager introduced a report on the effectiveness of the Audit Committee and highlighted the CIPFA self-assessment checklist, which is recognised as a good practice tool for Audit Committees to use when reviewing their effectiveness.

It was confirmed that the Section 151 Officer and the Devon Audit Partnership Manager have already reviewed and completed the checklist as far as possible. It was requested that members consider their input at meetings and the continued use of hybrid meetings.

Members worked through and discussed the separate sections of the Audit Checklist. There was discussion in relation to reporting to Full Council and the Head of Legal & Governance (Monitoring Officer) confirmed that the Data Protection Regulations were referred in 2018 after being pulled up in an audit report.

There was a further discussion regarding the need for an Independent Members and it was confirmed that the Council had tried to recruit, but this had not been successful. This was now being explored with Devon Audit Partnership and attendance by the Committee Chair or Section 151 Officer at the Devon Audit Management Board was suggested as a way to push this forward. It was also

suggested that members approach people they know with relevant skills to support the Committee as Independent Members.

Members queried why consultation hadn't been completed since 2016 and the Chair queried the 'no' in the report. The Devon Audit Partnership Manager agreed to revise this date if consultation had taken place.

Chair referred to the note on the bottom of the Forward Plan regarding private meetings with External Auditors and requested the reinstatement of pre-meetings that took place before Covid. Grant Thornton confirmed that they had attempted to reinstate these meeting and agreed this would be picked up again with the Chair. She also suggested extending this invite to Internal Audit too, given the amount of cross over taking place, especially in relation to value for money work.

Following a query about Governance it was confirmed by the Section 151 Officer that training was being arranged for Members. The Draft Audit Plan was also highlighted as an opportunity for Members to discuss possible areas to audit – this is on the Forward Plan for March 2022.

There was discussion regarding the scope of the Governance role and members role in challenging and raising concerns, especially in relation to more complex and specialist areas. Officers explained the role of the Committee and members, alongside the wider governance processes of Torridge District Council and Full Council and where the Committee sits within this. There was a further discussion about how the audit process supports members in their decision making.

The Head of Legal & Governance (Monitoring Officer) also stated that Senior Managers were open to challenge and where they could not provide detail at Full Council or in committee meetings there was an opportunity for members to contact them with queries directly when needed.

Following the discussion, the Devon Audit Partnership Manager arranged to update the report using feedback from members at the meeting and said he would add detail on how the work would be progressed.

Members duly noted the report.

99. AUDIT ACTIONS

The Section 151 Officer presented a report on audit action progress to Committee Members, he mentioned that some updates on progress had been made since the agenda was published.

It was confirmed that out of the 62 agreed actions, 27 actions are open and a total of 6 were now considered late – 10%. The Section 151 Officer went on to provide updates on the remaining late actions for members.

Members queried the Debtors actions and asked whether there were concerns regarding capacity of the team. Officers explained the action in more detail for

members and clarified the team arrangements and internal processes for debt recovery.

Members duly noted the report.

100. GOING CONCERN REPORT

The Section 151 Officer ran through the Going Concern Report with members and picked out the key highlights of the report, which concludes the Council's status as a 'going concern' in light of the closure of the Statement of Accounts for 2020/21.

Members duly noted the report.

101. ANNUAL GOVERNANCE STATEMENT

The Section 151 Officer updated Committee Members on behalf of the Service Improvement Officer.

It was confirmed that no changes have been made to the document since it was brought to Committee in July and the Chair was being asked to formally sign off the report.

Following a discussion about the section on scrutiny and the involvement of External Overview & Scrutiny Committee with some of the call-ins, it was suggested an amendment be made to the report to include External Overview & Scrutiny in this section.

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

Resolved:

That the Annual Governance Statement be signed off with an amendment to page 49, to include External Overview & Scrutiny in relation to decisions 'called in'.

(Vote: Yes – Unanimous)

102. AUDIT FINDING REPORT 2020-21 STATEMENT OF ACCOUNTS

Chair introduced Julie Macsi (Key Audit Partner) who went on to highlight some of the changes to the Code of Audit Practice, which means the Value for Money assessment isn't included in this report, though there is some commentary. She went on to explain to members how the Value for Money work has changed in scope.

It was confirmed that the Value for Money work has started, and that Grant Thornton are now required to provide an Auditors Annual Report which captures the Value for Money assessment. Additionally, it was stated that the National Audit Office have granted another 3 months for the Value for Money work to be completed – Value for Money conclusions are now required within 3 months of issuing the opinion.

It was confirmed that the report will come to the Committee once completed.

A progress update on the Audit Opinion was provided for members and the Key Audit Partner explained the issues that needed to be resolved. It was explained these issues may impact on the wording of the opinion but it would still remain as an unqualified audit opinion. The Key Audit Partner went on to summarise the position in relation to the financial statements and thanked the Section 151 Officer and his team for their work stating that the audit had gone very well.

Andrew Davies (Engagement Manager, Grant Thornton) then ran through the Audit Findings Report with members and explained the outstanding items. It was confirmed that the letter of assurance from the Devon Pension Fund auditors should be available by mid-October.

Chair queried the delay and asked if there would be similar issues in future audits. Julie Macsi explained she is the Engagement Lead for the Devon Pension Fund and provided an update in relation to the delays. She assured the Committee that there are plans to review how the pension work is delivered in future to improve the position next year.

The Engagement Manager confirmed the other outstanding item was in relation to Property Plant and Equipment and confirmed that existence checks were now completed and a response from the valuer had now been received, so work is progressing. It was mentioned there is an area of follow regarding Material Uncertainty, and Grant Thornton would be speaking to the Valuer this week to try and resolve this.

The Engagement Manager provided a summary of Grant Thornton's findings and conclusions and highlighted the key findings for members.

Chair asked members for any questions.

Members queried whether Audit and Governance Committee will have a role in relation to the Trading Company. The Head of Legal and Governance (Monitoring Officer) stated that Full Council have appointed the Board and the Board would run the Trading Company. Audit and Governance may have a role in relation to financing the LATC and internal controls, but day to day decisions would be for the Board.

The Key Audit Partner from Grant Thornton mentioned that the the Committee would have a role in seeking some assurance around the adequacy of the Governance. Chair requested an example in relation to how this would be achieved. She explained some other Local Authorities who have set up Trading Companies used internal audit around specific governance arrangements. She stated the Local Authority would have a responsibility, as a commissioner of services, to ensure there are adequate governance arrangements in place – she talked about using monitoring to hold the Trading Company to account on service delivery and to seek assurance as a commissioner.

There was some discussion around the Trading Company, responsibilities of TDC as the parent company and potential risks. It was explained that this would need to be addressed within the contract and by also by having the appropriate monitoring process in place. The Head of Legal & Democratic Services (Monitoring Officer) provided an overview on the work already taking place and highlighted the workshop members attended, where the specification was discussed.

Member's queried the audit fee in relation to the certification of housing benefits subsidy and this was explained by the Key Audit Partner, she explained the testing requirements set by the DWP and the required checks they are required to undertake depending on error rates. There was a further discussion regarding the commissioning of this piece of work and how and when non-audit fees / additional charges are disclosed.

Member's queried the assessment key on page 64 and the Key Audit Partner and Section 151 Officer explained the assessment outcome and the provided some more context.

Following a query from members the Section 151 Officer explained the tendering process for External Auditors and how this is coordinated nationally and the process for going out to tender individually. There was a further question to Grant Thornton regarding a lack of Audit staff, which has been highlighted by the PSSA, and how this is being addressed. The Key Audit Partner provided an update to members on how they are building their capacity to support the delivery of contracts.

Member's duly noted the report.

103. APPROVAL OF THE 2020-21 FINANCIAL STATEMENTS AND PRESENTATION FROM THE SECTION 151 OFFICER

The Section 151 Officer talked through a presentation on the statement of accounts with members and confirmed the key findings highlighted at the previous Committee meeting in July remained true.

The Section 151 Officer went on to confirm some minor changes to the draft accounts with members, these were mainly typos and some additional detail and points of clarity. These were highlighted and explained to members.

It was queried with Grant Thornton whether the accounts could be approved and signed, if there are no changes recommended. The Key Audit Partner confirmed this was acceptable, but recommended the Committee also provide any delegated authority to the Section 151 Officer, should anything arise from the discussions due to take place with the Valuer. It was explained that Committee Members could then be advised of any amendments via email.

The Chair agreed to this change and congratulated the Section 151 Officer and his team for their work on the accounts in what has been an exceptionally difficult year.

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

Resolved:

That members formally approve the statement of accounts for the financial year 2020/21. It was also agreed that the statement of accounts would be signed and the Committee would delegate authority to the Section 151 Officer and Chair, should any subsequent modification be required. Any changes will be emailed to Committee Members.

(Vote: For – unanimous)

104. LETTER OF REPRESENTATION - GRANT THORNTON

The Key Audit Partner explained the Letter of Representation to members and ran through the process for signing the letter.

It was then opened up to the Committee for any questions and recommended that the letter be approved for signature.

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

Resolved:

That the letter of representation be approved for signature.

(Vote: For – unanimous)

105. FORWARD PLAN

The forward plan was agreed and noted by members.

106. EXCLUSION OF THE PUBLIC

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

Resolved:

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.

(Vote: Unanimous)

107. PART II (CLOSED SESSION)

108. VERBAL UPDATE ON EMERGING RISK

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

Councillor Pennington declared a personal interest in relation to an item that was discussed.

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

Resolved:

To come out of Part II and close the meeting.

(Vote: For – Unanimous)

The meeting commenced at 10.05 am and closed at 12.30 pm

Chair:

Date: