

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 22 March 2022 at 5.30 pm

### **Present**

**Councillors** E J Berry, W Burke, Mrs C Collis, R F Radford, A Wyer and A Wilce

### **Apologies**

**Councillors** N V Davey, R L Stanley and A White

### **Also Present**

**Councillors** Mrs C P Daw, R M Deed, B A Moore and B G J Warren

### **Present**

**Officers** Andrew Jarrett (Deputy Chief Executive (S151)), Paul Deal (Corporate Manager for Finance), Matthew Page (Corporate Manager for People, Governance and Waste), Paul Middlemass (Audit Manager), Nicola Cuskeran (Interim Corporate Performance Manager & Safeguarding Officer), Sarah Lees (Member Services Officer) and Carole Oliphant (Member Services Officer)

### **Also**

**In attendance** Julie Masci (Grant Thornton) and Dan Povey (Grant Thornton)

## 66. **APOLOGIES**

Apologies were received from Cllr N V Davey (who was substituted by Cllr E J Berry), Cllr R L Stanley (who was substituted by Cllr R F Radford) and Cllr A White.

## 67. **PUBLIC QUESTION TIME**

There were no members of the public present and none had registered to ask a question.

## 68. **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

## 69. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 25 January 2022 were confirmed as a true record and signed by the Chairman.

## 70. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman informed the Committee that he had attended a Devon Audit Partnership meeting recently on behalf of the Council. He had found it very interesting listening to other local authorities and seeing where this Council 'fitted in'.

## 71. **PERFORMANCE AND RISK UPDATE (00:05:00)**

The Committee had before it, and **NOTED**, a report \* from the Corporate Manager for People, Performance & Waste providing it with an update on performance against

the Corporate Plan and local service targets for 2021-22 as well as providing an update on the key business risks.

The format and structure of the report were outlined and it was stated that risks scoring over 10 or more were highlighted.

Note: \* Report previously circulated; copy attached to the signed minutes.

## 72. **RISK MANAGEMENT STRATEGY (00:06:00)**

The Committee had before it a report \* from the Corporate Manager for People, Governance and Waste presenting the Committee with the updated Risk Management Policy for approval.

It was explained that the policy was last updated in March 2021 and that since then only minor changes to the policy had taken place. These were highlighted within the report.

**RESOLVED** that the updated Risk Management Policy be approved.

(Proposed by the Chairman)

Reason for the decision:

- i. Failure to take advantage of opportunities and mitigate business risks could impact on the Council's ability to deliver its strategic objectives.
- ii. Assessment of the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability is a key element of the Council's governance arrangements.

Note: \* Report previously circulated; copy attached to the signed minutes.

## 73. **ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE (00:07:00)**

The Committee had before it, and **NOTED**, a report \* from the Corporate Manager for Financial Services providing it with an update on progress made against the Annual Governance Statement / Action Plan.

It was explained that of the 6 outstanding actions, 4 were now complete, 1 was not quite due for completion and the remaining action was being looked at by a working group.

Note: \* Report previously circulated; copy attached to the signed minutes.

## 74. **DAP INTERNAL AUDIT PROGRESS REPORT (00:08:00)**

The Committee had before it, and **NOTED**, a report from the Devon Audit Partnership presenting its progress report for the year to date.

Key highlights within the report were as follows:

- There continued to be an overall opinion of 'reasonable assurance' on the adequacy and effectiveness of the Authority's internal control framework.
- Assurance levels were broadly the same for Mid Devon as they were for other authorities monitored by DAP.
- A summary of the audits undertaken was provided.
- Assurance mapping was referred to.
- Overdue audit recommendations were shown in red. There had been a slight increase in these over the past two years. Several related to the Procurement area but attempts to resolve these were taking place with Devon County Council. The Leadership Team were aware and were working to bring these numbers down.

Discussion took place with regard to:

- The position with regard to debtors. An internal audit was due to commence and more information could be provided to the next meeting. The Deputy Chief Executive (S151) confirmed that he received regular monthly updates regarding this area and that it was very well controlled.
- What 'reasonable' meant? It was explained that this indicated the level of confidence Members could have. 'Reasonable' was good but also provided for some improvement.
- Council Tax collection rates were estimated to be around 98%. A 1% drop in the total collection figure for Mid Devon would equate to approximately £60k. It was expected that this collection rate would be affected by the rise in the cost of living.

Note: \* Report previously circulated; copy attached to the signed minutes.

#### 75. **DAP INTERNAL AUDIT CHARTER AND STRATEGY (00:23:00)**

The Committee had before it a report \* from the Devon Audit Partnership presenting the Internal Audit Charter and Strategy for approval.

These documents detailed the purpose, responsibility, roles etc. involved in the internal audit function. It was explained that only minor changes had taken place since the Charter and Strategy were last approved. These mainly related to people's qualifications.

**RESOLVED** that the Internal Audit Charter and Strategy for 2022/2023 be approved.

(Proposed by the Chairman)

#### Reason for the decision

Mid Devon District Council is required by the Public Sector Internal Audit Standards (PSIAS) to approve and have in place an up to date internal Audit Charter and Strategy.

Note: \* Report previously circulated; copy attached to the signed minutes.

76. **DAP PROPOSED INTERNAL AUDIT PLAN FOR 2022 - 2023 (00:25:00)**

The Committee had before it a report \* from the Devon Audit Partnership presenting the Audit Plan for 2022/2023.

Details were provided as to how the plan was created based upon the risks that the Council faced. The high risk areas were highlighted as were the number of days provided for each audit. The draft plan had been agreed with management and now needed approval from the Audit Committee.

A brief discussion took place regarding whether the Forward Planning Infrastructure Delivery audit needed to be brought forward from 2024/25. The Deputy Chief Executive (S151) stated that he would discuss this with Leadership Team colleagues.

**RESOLVED** that the Internal Audit Plan for 2022/2023 be approved.

(Proposed by the Chairman)

Reason for the decision

The Audit Committee, under its Terms of Reference contained within the Council's Constitution, is required to review, and approve the Internal Audit Plan to provide assurance to support the governance framework.

Note: \* Report previously circulated; copy attached to the signed minutes.

77. **GRANT THORNTON AUDITORS ANNUAL REPORT 2020/21 (00:30:00)**

The Committee had before it, and **NOTED**, the external auditors Annual Report \* on Mid Devon District Council. Mr Dan Povey from Grant Thornton was introduced to the Committee. He would be taking over from Julie Masci as the Engagement Lead for the 2021/2022 audit.

The following was highlighted within the report:

There was a new format to the report with external audit having a wider area of responsibility under the National Audit Office Code of Audit Practice. As a result there had been changes to the Value for Money assessment. An 'opinion' was no longer issued but recommendations were made falling within three tiers:

*A Statutory Recommendation* (which was the most severe)

*Key Recommendations* (in areas where there was evidence of serious weakness)

*Improvement Recommendations* (suggesting opportunities to enhance the existing arrangements)

- There had been no instances of 'Statutory' or 'Key Recommendations' within the external audit, however, some areas had been identified where there was some scope for improvement. These were laid out within the report.
- The audit had not identified any areas of significant weakness within the 3RDL accounts and acknowledgement was given to the significant amount of work which had been undertaken to improve governance in this area.

- Overall, having undertaken a lot more detailed work as part of the external audit this time, this was a positive report.

Consideration was given to the difficulties involved in estimating financial information during the pandemic when so much was unknown.

The Committee wished to pass on their thanks to the Deputy Chief Executive (S151) and the Finance Team for their hard work and diligence which had led to such a positive external audit report.

Note: \* Report previously circulated; copy attached to the signed minutes.

#### 78. **GRANT THORNTON PROGRESS REPORT AND SECTOR UPDATE (00:45:00)**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton providing an update on their responsibilities as the Councils' external auditors.

The report set out where the external auditors were in terms of signing off the audit for 2020/2021. Until they received guidance from HM Treasury they were unable to provide the final certificate. It was anticipated this would be received by the summer.

It was confirmed that the planning phase of the 2021/2022 audit was now underway.

Brief discussion took place with regard to how the liaison process worked between the external audit team and senior officers of the Council and how soon areas of concern were dealt with? It was explained that liaison happened at different levels from informal emails to face to face meetings. Early discussion was welcomed by the external auditors if there were complex issues. Likewise the external auditors would discuss with senior officers if enhanced testing in particular areas was needed. It was not the case that the audit had to wait until it was completed for issues of concern to be brought to light and dealt with. The new Value for Money approach very much supported an early intervention if there were issues of concern.

Note: \* Report previously circulated; copy attached to the signed minutes.

#### 79. **CHAIRMAN'S ANNUAL REPORT FOR 2021/2022 (00:53:00)**

The Committee had before it the Chairman's annual report \* for 2021/2022. There being no suggested changes, this would be presented to full Council on 27 April 2022.

Note: \* Report previously circulated; copy attached to the signed minutes.

#### 80. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (00:54:00)**

No further items were requested for the next meeting other than those already listed in the work programme.

(The meeting ended at 6.25 pm)

**CHAIRMAN**