

## **MID DEVON DISTRICT COUNCIL**

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 2 June 2020 at 5.30 pm

### **Present**

#### **Councillors**

R Evans (Chairman)  
Mrs C Collis, B A Moore, D F Pugsley,  
A Wilce, J Wright and A Wyer

#### **Also Present Councillors**

L Cruwys, R M Deed and B Warren

#### **Also Present Officers**

Andrew Jarrett (Deputy Chief Executive (S151)), Catherine Yandle (Group Manager for Performance, Governance and Data Security), David Curnow (Deputy Head of Devon Audit Partnership) and Sarah Lees (Member Services Officer)

#### **Also in Attendance**

Andrew Davies, Grant Thornton

### **1. ELECTION OF CHAIRMAN (CHAIRMAN OF THE COUNCIL IN THE CHAIR)**

**RESOLVED** that Cllr R Evans be elected Chairman of the Committee for 2020/2021.

### **2. ELECTION OF VICE CHAIRMAN**

**RESOLVED** that Cllr A Wyer be elected Vice Chairman of the Committee for 2020/2021.

### **3. APOLOGIES**

There were no apologies for absence.

### **4. REMOTE MEETINGS PROTOCOL**

The protocol for remote meetings was noted, however, it was **AGREED** that the word 'disrobing' in the first sentence of section 15 be replaced with the word 'disobeying'.

### **5. PUBLIC QUESTION TIME**

There were no members of the public present.

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

No interests were declared under this item.

## 7. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 28 January 2020 were confirmed as a true and accurate record.

## 8. CHAIRMAN'S ANNOUNCEMENTS

The Chairman had the following announcements to make:

1. He thanked the Committee for returning him as Chairman, this was a role he enjoyed.
2. He thanked Member Services for their help in recent months.
3. He hoped to attend a virtual meeting with the Devon Audit Partnership (DAP) on 14 July 2020.
4. A briefing would need to be held sometime before the next formal Audit Committee meeting on 11 August 2020 to take Members through the draft financial accounts and Annual Governance Statement. The Clerk would liaise with Members regarding a convenient date.
5. He reminded the Committee that their primary focus was to concentrate on all 'risks' to the Council.

## 9. PERFORMANCE & RISK REPORT (00:16:24)

The Committee had before it, and **NOTED**, a report \* from the Director of Corporate Affairs & Business Transformation providing Members with an update on performance against the Corporate Plan and local services targets for 2019-20 as well as providing an update on the key business risks.

The contents of the report were briefly outlined with particular reference to the following:

- The report presented the final outturn position for the 2019/2020 financial year and was the first performance and risk report the Committee had received since the Coronavirus lockdown. It therefore reflected some of the actions taken by the Council as a result of the pandemic.
- The Planning Inspector's post examination report into the Local Plan Review was now expected towards the end of June or early July 2020.
- It was noted that the response to FOI requests had been 100% on time since April 2019.

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

## 10. RISK AND OPPORTUNITY MANAGEMENT POLICY (00:21:17)

The Committee had before it a report \* from the Group Manager for Performance, Governance and Data Security presenting the updated Risk & Opportunity Management Policy for approval.

The contents of the report were briefly outlined with it being stated that the policy remained largely unchanged other than the few amendments identified in the report attached to the agenda.

The Internal Audit Manager stated that it was helpful to see this updated document particularly in regard to updating risk mitigating actions. The policy was now much clearer.

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

(Proposed by the Chairman)

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

#### 11. **INTERNAL AUDIT APPROACH DURING THE COVID-19 PANDEMIC (00:23:57)**

The Committee had before it, and **NOTED**, a report \* from the Head of the Devon Audit Partnership (DAP) updating it on how DAP were looking to adjust ways of working to help deliver their work, in particular the 2020/21 Internal Audit plan as well as how they aimed to provide wider support to organisations as they responded to the challenges brought about by Covid-19.

The following was highlighted within the report:

- The report provided an update on how Council services were being delivered during these challenging times.
- The annual assurance opinion for 2020/2021 would be delivered using assurance mapping and a degree of flexibility in order to support services through the current difficulties.

Discussion took place regarding whether, as a result the current pandemic, the completion of work within the Audit Plan for 2019/2020 had been affected. It was explained that more than 90% (annual target) of the audit programme had been completed without the audit staff having put undue pressure on service areas.

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

#### 12. **INTERNAL AUDIT CHARTER AND STRATEGY (00:29:34)**

The Committee had before it a report \* from the Internal Audit Team Manager presenting it with the Internal Audit Charter and Strategy for the effective operation of the internal audit service excepting the changes in practice noted in item 11 of this meeting.

It was explained that the Charter set out the 'purpose' and the Strategy set out the 'methodology' of delivering the audit function. Both of these documents were unchanged from last year and merely required approval.

**RESOLVED** that the updated Internal Audit Charter & Strategy for 2020/21 be approved.

(Proposed by the Chairman)

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

### 13. **INTERNAL AUDIT PLAN 2020/21 (00:31:45)**

The Committee had before it a report \* from the Head of the Devon Audit Partnership providing it with the Internal Audit Plan for 2020/2021.

The following was highlighted within the report:

- The expectations of the Audit Committee.
- Key risks had been identified and there would be a key focus on, the Corporate Plan, climate change, safeguarding, information governance, cyber security, partnerships and transactional integrity.
- The number of days dedicated to each of the audits to be undertaken were set out within the report including the key areas of risk, however, a degree of flexibility would need to be employed given the current challenges facing the Council.

Discussion took place regarding:

- The Economic and Community Development area was stated as last being audited in 2014/15. However, it was explained that it had been agreed that an audit of this area during the intervening years would not have added much value, checks and balances were in place via other means, however, the plan could be changed should this be required if it was felt to be beneficial given the current circumstances.
- 15 days were allocated to an audit of the environmental impacts of climate change for next year. It was explained that a discussion had already taken place with the relevant Cabinet Member and Chief Executive and there would be a strategic review of governance arrangements as well as alignment and transition plans across a whole range of service areas in relation to this issue.

**RESOLVED** that the Internal Audit Plan for 2020/2021 be approved.

(Proposed by the Chairman)

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

### 14. **INTERNAL AUDIT ANNUAL REPORT FOR 2019/2020 (00:43:04)**

The Committee had before it, and **NOTED**, a report \* from the Internal Audit Manager updating it on the work performed by Internal Audit during the 2019/2020 financial year as required by the Public Sector Internal Audit Standards.

The following was highlighted within the report and discussion took place with regard to:

- The majority of the work for 2019/2020 had now been completed.
- Overall, based on work performed during 2019/2020, the Head of Internal Audit's opinion was one of 'Substantial Assurance' on the adequacy and effectiveness of the Authority's internal control framework. The one exception to this was in relation to the Council's governance arrangements over its investment exposure associated to its property development operation where the Auditors opinion was of 'improvements required'.

- This report would help to inform the Annual Governance Statement.
- The rating system used to provide a summary of the assurance opinions in relation to each of the audits that had taken place.
- The value added to the Council by the internal audit function.
- Members were referred to the summary of audits and findings for 2019/2020. There were no material risks and overall a good level of assurance had been provided.

The Chairman referred specifically to the 'high standard' audits on 'Freedom of Information' and 'Contract Management' and wished for the Committee's thanks to be taken back to the officers working in these areas.

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

15. **GRANT THORNTON - ADDENDUM TO THE AUDIT PLAN (00:51:29)**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton providing an update to the planned scope and timing of the statutory audit of Mid Devon District Council in light of the unprecedented global response to the Covid-19 pandemic.

The report set out in clear terms the unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. The potential impacts on certain areas such as the valuation of property, plant and equipment were significant as was the additional pressure on the Finance team.

It was further explained that the pandemic had had an impact on deadlines in relation to approving annual accounts across the country. These had now been relaxed with the date for the draft accounts being the end of August and the final sign off date being moved to the end of November.

It was confirmed that Grant Thornton had started their audit today.

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

16. **CHAIRMAN'S ANNUAL REPORT FOR 2019 / 2020 (00:57:13)**

The Committee had before it, and **NOTED**, a draft report by the Chairman of the Committee.

The absence of the Cabinet Member for Finance was noted with the Leader saying he would speak to the relevant Member about attending the Audit Committee going forwards.

17. **START TIME OF MEETINGS (00:59:52)**

The Committee **AGREED** to continue to hold meetings of the Audit Committee on Tuesday evenings at 5.30pm.

**18. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:01:24)**

It was requested that the report being received by the Cabinet on 11 June 2020 in relation to the 3 Rivers Development Co. be brought before the Audit Committee at their next meeting.

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

(The meeting ended at 6.35 pm)

**CHAIRMAN**