MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 20 August 2024 at 5.00 pm

Present Councillors	L Knight (Chair) D Broom, E Buczkowski, G Czapiewski and R Roberts
Apologies Councillors	B Fish and A Stirling
Also Present Councillors	J Buczkowski, J Lock, C Harrower, S Robinson and D Wulff
Also Present Officers	Andrew Jarrett (Deputy Chief Executive (S151)), Paul Deal (Head of Finance, Property & Climate Resilience), Matthew Page (Head of People, Performance & Waste) and Sarah Lees (Democratic Services Officer)
Councillor Online	J Downes
Officers Online	D Emery, L Lewis and L Woon
Also present	K Johnson (Devon Assurance Partnership) and M Bartlett (Bishop Fleming)

14. **APOLOGIES**

Apologies were received from Cllr B Fish and Cllr A Stirling.

15. **PUBLIC QUESTION TIME**

The following questions were received from members of the public:

Barry Warren

Mr Chairman, I refer to item 7 on your agenda and very much support the concept of the appointment of a Co-opted Independent Member to sit on this Audit Committee.

I have read the comments in Section 5 of the 2020 report by Sir Tony Redmond in particular as to the role of elected members and their skill and understanding of the complexities of Local Authority Accounts. He also identifies that some independent members are hampered by the lack of sector specific knowledge which would need to be addressed before any appointment.

I am concerned as to how Independent this person may be and how they will be able to operate effectively within the framework of the current Audit Committee (where virtually all the members of the committee come from the ruling party). Will they be able to speak openly and publicly at a meeting and will their contribution be minuted?

I am also concerned as the appointment is to be made through DAP since the bulk of their work is in response to Terms of Reference set by the S151 Officer as previously evidenced and so this may not be perceived as Independent.

Paragraph 1.1 of the Committee Report advises that "*the Audit Committee provide INDEPENDENT assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the Council's financial reporting and governance process*".

Although paragraph 2.2 of the Committee Report refers to eligibility requirements for an Independent Person - perhaps these ought to have relevance to Members of an Oversight Audit Committee as well.

The independence of this Audit Committee from Cabinet is open to question when two of the current Members would fail these eligibility requirements, due to their relationships with the Cabinet Member for Finance, and public questions put to the Audit Committee are being answered directly by the Cabinet Member for Finance - who is not a member of the Audit Committee.

How does this demonstrate the Committee's 'Independence' to the public?

Paul Elstone

My questions relate to agenda item 6 Corporate Risk Report Specially CR9a Reputation Impact of 3 Rivers

Question 1

It is stated that it is the Leadership Team carried out the risk status reviews. Something questioned previously by a member of this committee. It is also stated that the 3 Rivers reputational risk will be removed from the Risk Register once 3 Rivers is officially closed.

Therefore, and by implication the Leadership Team consider there is no further or significant 3 Rivers reputation risk to this council

It must be noted that the same Leadership Team freely blame Council Members. EVEN the General Public for these reputational risk. No recognition is given to the angst their own actions or inactions have caused leading to Member and Public concerns.

It would seem wishful thinking on the part of the Leadership Team that the 3 Rivers reputation risk will go away. That the reputational risk will disappear into the ether. They will not. This in part due to the much over used 3 Rivers business confidentiality excuse routinely provided by officers and in-order to prevent the public from accessing the facts. An excuse used to block the release of audits, viability assessments and business plans ETC.

Even the Information Commissioners Office Is recognising the need for increased transparency.

As a reminder the previous Scrutiny Committee Chair, now an MP, said there is every appearance of cooking the books. This in regards to this council's manipulation of the 3 Rivers true financial losses. A statement she would not retract when asked to do so.

Month on month more information regarding the 3 Rivers debacle is becoming available. Information revealing serious incompetence, even integrity issues, and going back to the formation of the company. Information that deserves to be in the public domain given its nature.

I will not make further comment on the gross failings of the DAP investigation into 3 Rivers at this time.

To remove this 3 Rivers Reputation risk item at this time is grossly premature and would further support the 'cooking the books' statement.

Will this Audit Committee now take full control of this Risk Register including risk scoring and in particular related to 3 Rivers reputation risk?

Nick Quinn

My questions relate to Agenda Item 9: Internal Audit Progress Update Report – but may also touch on Item 10: Information Management.

I read the Internal Audit Progress Update Report and was concerned about one of the "medium" recommendations that has only partially been addressed.

This relates to one of the Information Governance recommendations in the table, on page 12 of this report (that is page 66 on your papers). It is the one titled "*Quality Assurance Process*".

In the "Objective" box, it states: "*Managers now engaging proactively with IG and reviewing processes for passing and sharing data. Which is producing fewer data breaches*".

In the “Managers Comment” box, it states: “Will now need to be rescheduled and reviewed due to resignation and capacity”.

My questions arising from this “*Medium*” Recommendation are:

1 – Do any of the ‘*data breaches*’ involve Personal Data?

2 - Since the Review of Processes is now “*producing fewer data breaches*”; what was the number of data breaches, prior to the start of the review, on which to base this conclusion?

3 – Since the amount of data breaches is now described as ‘*fewer*’; what number of data breaches was used to arrive at this conclusion?

4 – What number of data breaches, at the Council, does the Devon Assurance Partnership consider to be acceptable?

Thank you

The Chair stated that written responses would be supplied for the questions asked.

16. **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

17. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 25 June 2024 were confirmed as a true and accurate record and **SIGNED** by the Chair.

18. **CHAIR'S ANNOUNCEMENTS**

The Chair had no announcements to make.

19. **CORPORATE RISK REPORT (00:13:00)**

The Committee had before it, and **NOTED**, a report * from the Corporate Performance and Improvement Manager and Corporate Manager for People, Performance & Waste providing Members with a quarterly update on the Corporate Risk Register.

The following was highlighted within the report:

- The Committee were referred to the summary table at section 2.1 of the report listing the current 18 risks on the Corporate Risk Register.
- The table now usefully included a trend arrow showing whether the trend was static, improving or worsening in relation to each of the risks listed.

Discussion took place regarding:

- CR14 ‘Workforce Shortage’ and whether this was a serious cause for concern as it was the only risk with an up arrow trend showing? It was explained that

this was a common issue across the public sector and related to pressures around remuneration and retaining qualified professionals. Discussions were currently underway with necessary parties to address the pay award and the cost of living pressures on staff. It was confirmed that any workforce shortage was not a major challenge for the Council at the moment. When the budget had been set an assumption had been made regarding a staff pay award and this had been factored into the figures.

- Funding for the Cullompton Relief Road now being at greater risk due to the recent announcement regarding the withdrawal of funds for the Cullompton Railway Station. This announcement had been made after the report had been published for the meeting this evening, however, this was obviously a key piece of infrastructure and officers would be lobbying hard on behalf of the residents of Cullompton.
- The quality of Planning Committee decisions were ultimately decided by the Ombudsman, it was not for officers to make judgements.
- The financial sustainability of the Council and the challenges this presented.
- The Council needed to refocus its efforts despite the ongoing reputational impact of 3Rivers.

Note: * Report previously circulated.

20. **APPOINTMENT OF CO-OPTED INDEPENDENT MEMBER (00:31:00)**

The Committee had before it a report * from the Deputy Chief Executive (S151) providing some context around Independent Members for Audit Committees and a proposition through the Devon Assurance Partnership to recruit and provide suitable qualified Independent Members for a number of Devon authorities.

The following was highlighted within the report:

- The Devon Assurance Partnership (DAP) had recently run a recruitment process to appoint suitably qualified individuals to act as fully Independent Non-Voting Co-Opted Members of local authority Audit Committees.
- DAP would provide a person to each meeting and usually this person would attend all future Audit Committees for that particular local authority.
- The Independent Person would be contactable, through the Head of Finance, Property & Climate Resilience, by any member of the Audit Committee for advice.

RECOMMENDED to Full Council:

1. The appointment of a Co-Opted Independent Member to sit on Audit Committee (through Devon Audit Partnership) until April 2027;

2. That delegated powers be given to the Director of Legal, People & Governance (Monitoring Officer) to make the necessary amendments to the constitution, including the amendment to the scheme of Members Allowances to include a special responsibility allowance for this position.

(Proposed by Cllr G Czapiewski and seconded by Cllr R Roberts)

Note: * Report previously circulated.

21. **APPOINTMENT OF COMMITTEE REPRESENTATIVES TO DEVON ASSURANCE PARTNERSHIP (00:36:00)**

The Committee were informed that it was normal practice for each local authority to appoint two Members from their Audit Committee's to the Devon Assurance Partnership Committee.

Accordingly, it was:

RESOLVED that Cllr L Knight (Chair) and Cllr G Czapiewski (Vice Chair) be appointed as the Mid Devon District Council representatives on the Devon Assurance Partnership Committee.

(Proposed by Cllr E Buczkowski and seconded by Cllr D Broom)

22. **INTERNAL AUDIT PROGRESS UPDATE REPORT (00:37:00)**

The Committee had before it, and **NOTED**, a report * from the Devon Assurance Partnership providing a progress update on the Internal Audit Reports that had taken place since the last meeting. It also provided an update in terms of the status of outstanding audit recommendations.

The following was highlighted within the report:

- The assurance level for each of the service areas audited was relayed including and an explanation provided in each case.
- There were still a number of outstanding audit recommendations but that was not unusual for a local authority.

Due to the confidential nature of the questions and discussion which followed the Chair indicated that it was necessary for the Committee to pass the following resolution to exclude the press and public having reflected on Article 12 12.02(d) (a presumption in favour of openness) of the Constitution. This decision was required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972. The Committee would need to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

RESOLVED: That, in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for this item, for the reason set out below:

- Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person including the authority holding that information).

(Proposed by Cllr E Buczkowski and seconded by Cllr G Czapiewski)

Note: * Report previously circulated.

23. **CYBER SECURITY & INFORMATION GOVERNANCE (00:54:00)**

The Committee had before it, and **NOTED,** a report * from the Head of Digital Transformation & Customer Engagement providing a high level update on Cyber Security and Information Management activities and risk mitigation over the past few months. It also included an update on activity and challenges around meeting the high-level audit recommendations as detailed in the Cyber Security and ICT Core Audit 2022 – 23 and the Information Governance Audit 2022 – 2023.

The following was highlighted within the report:

- Performance metrics had improved in recent months which was pleasing.
- The IT Service area had been challenged by a reduction in staff impacting on their ability to do as much and as quickly as they would like. The focus had had to be on keeping data safe.
- Keeping pace with issues in this area was a constant battle.
- The one high level outstanding audit recommendation had been down to capacity issues. Arrangements regarding Cyber Security were now in a good position, however, there were still a number of outstanding recommendations with regard to Information Management. One of the Data Protection Officers had left the organisation therefore the service was running at a deficit. The Head of Service confirmed that they had now recruited and that following training the service area would be back up to speed and able to focus on compliance. She also confirmed by, way of reassurance, that all the relevant policies were in place.

RESOLVED that:

An extension of time as detailed on Cyber Security and ICT Core Audit 2022-23 item 8.1 be granted.

(Proposed by the Chair)

Note: * Report previously circulated.

24. **EXTERNAL AUDIT PROGRESS REPORT (01:00:00)**

The following verbal update was provided on behalf of the external auditors, Bishop Fleming, regarding the current external audit taking place on the 2023/2024 financial accounts:

- The 2023/2024 audit was currently in progress and would be conducted over a 4 week period.
- A hybrid approach was being used with some staff working on the premises and some working elsewhere.
- The audit was on track and the aim was to bring a findings report to the October meeting.
- One factor they were not able to control was the Pension Fund Letter.
- They had not found any significant issues to bring to the Committee's attention.

- Regarding the ‘Value for Money’ audit, they had all the information they needed and were on track.

25. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:03:00)**

The Committee had before it, and **NOTED**, the items identified in the work programme for the next meeting.

(The meeting ended at 6.04 pm) **CHAIR**