

**MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER, FOLLATON HOUSE, PLYMOUTH ROAD,
TOTNES ON THURSDAY, 30th JUNE 2022**

Members in attendance * Denotes attendance ∅ Denotes apology for absence			
*	Cllr L Austen (Chairman)	∅	Cllr J T Pennington
*	Cllr J Brazil	*	Cllr R Rowe (via Teams in a non-voting capacity)
*	Cllr D Brown (substituting for Cllr Rowe)	*	Cllr B Spencer (Vice-Chairman)
∅	Cllr J McKay	*	Cllr B Taylor

Member(s) also in attendance:
Cllrs H D Bastone and N Hopwood (via Teams)

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Director of Strategy and Governance; Section 151 Officer (via Teams); Head of Finance; Democratic Services Manager; Head of Strategy & Projects (via Teams); Audit Manager; and Audit Specialist (via Teams)

AG.1/22 MINUTES

The minutes of the Audit Committee meeting held on 10 March 2022 were confirmed as a true and correct record.

AG.2/22 DECLARATIONS OF INTEREST

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting, but none were made.

AG.3/22 CHAIRMAN'S ANNOUNCEMENTS

In recognition of the availability of Grant Thornton representatives, the Chairman advised that he had exercised his discretion to enable for an additional Committee meeting to be added to the Calendar of Meetings for 2022/23. The Chairman proceeded to inform the Committee that this additional meeting would be held on Thursday, 24 November at 2.00pm.

AG.4/22 GRANT THORNTON AUDIT PLAN FOR 2021-22

Consideration was given to a Grant Thornton report that sought to provide an overview of the planned scope and timing of their statutory external audit of the Council.

In the ensuing debate, particular reference was made to:

- (a) the significant increase in Audit Fees. Whilst noting the explanatory comments in the published agenda report and the conclusions of the Redmond Review, Members still felt that the Committee deserved a greater explanation from Grant Thornton representatives to justify what was in effect a 14% increase in Audit Fees; and
- (b) the Council's Investment Property portfolio. The Section 151 Officer confirmed that the Investment Property Monitoring Report was to be presented to the next Committee meeting to be held on 8 September 2022.

It was then:

RESOLVED

That the contents of the Grant Thornton Audit Plan for 2021-22 be noted.

AG.5/22 GRANT THORNTON REPORT: GUIDANCE FOR MEMBERS WHEN REVIEWING THE FINANCIAL STATEMENTS

A Grant Thornton report was considered that provided guidance to Members to support them in assessing how the Council was performing and to identify any areas of potential concern. The document would also help Members to identify areas of the Council's Final Accounts to ask further questions on when scrutinising the Statement of Accounts.

In discussion, Members welcomed the offer of Grant Thornton for a training session to be arranged and felt that this should be delivered as part of the May 2023 Member Induction Programme.

It was then:

RESOLVED

1. That the contents of the Grant Thornton Report: Guidance for Members when Reviewing the Financial Statements be noted; and
2. That Grant Thornton representatives be invited to deliver a Member Training session as part of the May 2023 Member Induction Programme.

AG.6/22

GRANT THORNTON REPORT: INFORMING THE AUDIT RISK ASSESSMENT FOR SOUTH HAMS DISTRICT COUNCIL 2021/22

The Committee considered a Grant Thornton report that covered some important areas of the auditor risk assessment for which Grant Thornton was required to make inquiries of the Committee in accordance with auditing standards.

In discussion, reference was made to significant risks that were not highlighted in the presented agenda report. In citing the waste and leisure contracts and some of the Capital Programme projects as being the most significant risks for the Council, a Member questioned why this was not reflected in the Grant Thornton report. As a consequence, the Member proceeded to question the value of this report. In reply, the Section 151 Officer advised that, as part of its Value for Money audit, Grant Thornton reviewed the Council's Risk Management Register and all of the reports that were published during the year and representatives would report on their conclusions in their end of year report. Furthermore, the Committee was reminded that it received six monthly update reports on the Council's Risk Register.

It was then:

RESOLVED

That the contents of the Grant Thornton Report: Informing the Audit Risk Assessment for South Hams District Council 2021/22 be noted.

AG.7/22

INTERNAL AUDIT ANNUAL REPORT 2021/22

Consideration was given to a report that sought to inform Members of the principal activities and findings of the Council's Internal Audit for 2021/22 (to 1 June 2022) by:

- Providing a summary of the main issues raised by completed individual audits;
- Showing the progress made by Internal Audit against the 2021/22 annual internal audit plan (as approved by the Committee at its meeting in April 2021); and
- Providing an opinion on the adequacy of the Council's control environment.

During discussion, the following points were raised:

- (a) For a number of audits undertaken, there was felt to be a lack of timescales included and it was therefore requested that this be rectified before the Committee next considered an Internal Audit report;

- (b) The Internal Audit Manager confirmed that the Internal Audit Team had now concluded its support to the Business Rates Grant Team. As a result, the Team was now able to provide greater focus to the delivery of the Council's Internal Audit Plan. A number of Members wished to commend the excellent work of officers in being able to distribute over £80 million worth of Grants during the pandemic to much needed businesses and individuals in the South Hams;
- (c) With regard to some of the Internal Audit findings that related to the Revenue and Benefits service area, the Committee was informed that officers were confident that a number of these would be mitigated once the newly appointed Head of Revenues and Benefits joined the employ of the Council in September 2022;
- (d) The Committee expressed some concerns that the following internal audit follow-ups had still only resulted in a 'limited assurance' audit opinion being given:
- Estates Property and Rents Follow-Up; and
 - Performance Management (Data Quality) Follow-Up;

In light of these concerns, it was **PROPOSED** and **SECONDED** and when being put to the vote declared **CARRIED** that:

'The Head of Assets and the Head of Strategy and Projects be requested to attend the next Audit Committee Meeting (to be held on 8 September) to provide an update on the progress being made on the recommendations generated by the Internal Audits into the Estates Property and Rents Follow-Up and the Performance Management (Data Quality) Follow-Up.'

Having been informed that this would be the last Audit Committee meeting that would be supported by the Internal Audit Manager, Members wished to put on record their thanks to him for his excellent level of service and the Committee proceeded to wish him every success for the future.

It was then:

RESOLVED

1. That overall and based on work performed during 2021/22 (and that of our experience of previous years' audits), it be noted that the Head of Internal Audit's Opinion is one of 'Reasonable Assurance' on the adequacy and effectiveness of the Authority's Internal Control Framework;
2. That the performance and achievements of the Internal Audit Team during 2021/22 be noted; and

3. That the Head of Assets and the Head of Strategy and Projects be requested to attend the next Audit Committee Meeting (to be held on 8 September) to provide an update on the progress being made on the recommendations generated by the Internal Audits into the Estates Property and Rents Follow-Up and the Performance Management (Data Quality) Follow-Up.

(Meeting commenced at 2:00pm and concluded at 3.15pm)

Chairman