

At a Meeting of the **AUDIT COMMITTEE** held in the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **14th** day of **March 2023** at **12.30am**

Present: Cllr K Ball (Chairman)
Cllr A Bridgewater
Cllr M Davies
Cllr P Ridgers
Cllr J Yelland

Officers in attendance: Section 151 Officer
Deputy Section 151 Officer
Internal Auditors
External Auditor
Head of Strategy and Projects (via Teams)
Senior Specialist Finance
Senior Democratic Services Officer
Principle Accountants (via Teams)
Director of Strategy & Governance (via Teams)
Director of Strategy and Organisational Development

Also in attendance: Cllr C Edmonds (Lead Hub Committee Member) Cllr N Jory (Leader) and Cllr C Mott (via Teams), Cllr P Crozier and Cllr R Cheadle

***AC 20 APOLOGIES**

Apologies for absence were received from Cllr Samuel.

***AC 21 CONFIRMATION OF MINUTES**

The Minutes of the Committee Meeting held on 22 November 2022 were confirmed by the Committee as a true and correct record.

***AC 22 DECLARATIONS OF INTEREST**

Cllr Ball declared a personal interest in Item 8: '2023/24 Capital Strategy; 2023/24 Treasury Management Strategy; and 2023/24 Investment Strategy' (Minute AC 26 below refers) with the reference to OkeRail being one of the partners in the forthcoming Transport hub at Okehampton. He is part of the OkeRail Executive Committee and remained in the meeting and took part in the debate and vote thereon.

For transparency reasons, Cllr Yelland declared that she was appointed by West Devon Borough Council to sit on the Okehampton Rail Forum Outside Body.

GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE

The External Auditor introduced the progress report and sector update to Members. For the 2021/22 Financial Statement Audit, Grant Thornton had issued its opinion on 30 November 2022, which was the legislative target deadline for that financial year.

The 2022/23 audit timetable would see the finance team produce draft accounts by the end of May 2023. Audited accounts would need to be published by the end of September 2023. Grant Thornton stated that they believed they would not be able to start the audit until October 2023 (due to a shortage of audit staff) and therefore they were unable to meet the national target date for audited accounts to be published by the end of September 2023. Grant Thornton were aware of the reputational implications on public opinion and the press and the added workload to the finance team. Nationally, there had been a drop off in meeting the target date to complete the audit.

The External Auditor also stated that nationally, there had been a difficulty in recruiting and retaining auditors and a proposal for a joint value for money report for 2021/22 and 2022/23 was suggested.

Following his presentation, the Committee expressed its disappointment over the situation that the audit of the accounts would not be ready in time and the reputational damage it would cause to the Council. Members also voiced their concern for the added work pressure it would cause to the finance team.

The Section 151 Officer also expressed her concerns over the extra workload to her team and echoed the Member concerns over the reputational risk to the Council. The Council would put a notice on its website to state why the accounts had not been audited within the legislated timescale and would state that it was due to lack of resources within Grant Thornton. However, a member of public looking would probably only see that there was not a set of audited accounts published and may not look for the reason why.

A Member of the Committee suggested that the Council should be given a reduction in its audit fees. The External Auditor confirmed that he would need to be realistic in giving a completion date and would have dialogue with the finance team. He also said that there would be no reduction in audit fees as the work would still need to be completed, but not within the legislative timescale.

A Member was of the view that this delay should be added to the Council's risk register due to the pressure on officers through the extra workload. Another Member questioned the level of scrutiny within the audit. He felt that this needed to be reduced for those smaller Borough and District Councils and felt that lobbying should be carried out accordingly. The Section 151 Officer stated that the Redmond Review did not reduce the amount of audit work on areas such as pensions and fixed assets, however a Government Call for Evidence and consultation on the audit process was now taking place and a response from the Council would be made by 17 April 2023.

The Chairman **PROPOSED** and it was subsequently **SECONDED** that a formal request from the Chairman and the Section 151 Officer be sent to Grant Thornton asking for the audit to be expedited. Also, for the Audit Committee in 2023/24 to ensure that this was at the forefront of its considerations. An agenda item to be put on the first Committee agenda in the 2023/24 Municipal Year in regard to this item and to lobby local MPs. It was also requested that Group Leaders should feed back to their Members regarding the issues around the delays in the external audit.

Finally, the finance team was thanked for its work with reaching the unqualified Audit opinion.

It was then **RESOLVED** that:

1. The Grant Thornton Audit Report: Audit Findings Report 2021/22 be noted;
2. A letter be sent to Grant Thornton from the Chairman of the Audit & Governance Committee and the Section 151 Officer to request that the audit be expedited;
3. The Committee Annual Work Programme be updated to ensure that an agenda item be put forward to the next Audit & Governance Committee meeting that includes reference to: lobbying on this item around the audit of smaller local authorities; the lack of audit resources in national audit firms; and the Council's response to the Call for Evidence.

***AC 24 PROPOSED INTERNAL AUDIT PLAN FOR 2023/24**

The Lead Hub Committee Member introduced the Audit Plan to the Committee.

In discussion, the Devon Audit Partnership Officer confirmed that job recruitment and staff retention was also an issue within the Partnership. A Member asked why some of the areas of the Council needed to be audited so regularly. In reply, the Officer stated that a four-year plan was in place and Members could be provided with a copy of it.

It was then **RESOLVED** that the proposed Internal Audit Plan for 2023/24 (as set out at Appendix A of the published agenda report) be approved.

***AC 25 UPDATE ON PROGRESS ON THE 2022/23 INTERNAL AUDIT PLAN**

The Lead Hub Committee Member took Members through the update on progress report. In so doing, he stated that a new Head of Operations was now in place in the assets team.

The Committee noted that building maintenance issues were being revisited in more detail so assurance could be brought back to the Committee.

It was then **RESOLVED** that the progress made against the 2022/23 Internal Audit Plan be noted and approved.

AC 26

2023/24 CAPITAL STRATEGY, 2023/24 TREASURY MANAGEMENT STRATEGY AND 2023/24 INVESTMENT STRATEGY

The Lead Hub Committee Member introduced the draft 2023/24 Capital Strategy; 2023/24 Treasury Management Strategy; and 2023 Investment Strategy reports for consideration. The Member highlighted the development of a new railway station and transport hub in Okehampton following a successful bid of £13.4million from Central Government and informed that West Devon Borough Council would be the accountable body for the project.

The Section 151 Officer confirmed that the budget for investment income had been set at £400,000. A Member of staff monitored treasury management on a daily basis and invests out with UK banks and building societies on a 1 year, 6 month, 3 month or 1 month basis.

Members voiced their delight at the successful bid for funding for the transport hub in Okehampton. The Section 151 Officer confirmed that West Devon Borough Council would have the ultimate responsibility for the project and submitting of the monitoring returns on a regular basis. It was noted that Devon County Council were the transport authority and would be responsible for the procurement of the project.

The project had been added to the Council's internal audit plan for review, as requested by the S151 Officer. Staff resources on the project was raised as an issue and the S151 Officer stated that there would be no extra Government funding for this resource. The positives of new business being brought to the area with the project was also discussed.

It was then **RESOLVED** that the Audit Committee has scrutinised and **RECOMMENDS** to Council approval of the 2023/24:

- i) Capital Strategy (as attached at Appendix A of the presented agenda report);
- ii) Treasury Management Strategy (as attached at Appendix B of the presented agenda report);
- iii) Investment Strategy (as attached at Appendix C of the presented agenda report); and
- iv) That delegated authority be given to the Section 151 Officer, in consultation with the Leader of the Council and the Hub Committee Member for Resources, to make any minor amendments to these Strategies if required throughout the 2023/24 Financial Year.

***AC 27**

BUDGET BOOK 2023/24

The Committee considered a report that presented the draft Budget Book for 2023/24 for approval.

In discussion, the Committee highlighted the costs on public conveniences as the Council had agreed in 2019 that these facilities would be offered to the Town and Parish Councils to take on responsibility. The S151 Officer stated that the costs were associated with utilities, inflation and staff salary costs, with a more detailed written response to be provided outside of this Committee meeting.

For future iterations of this Committee report, a request was made for an explanation in the covering report to be given to the largest changes in the budget (to be added as a table).

It was then **RESOLVED** that the content of the Budget Book for 2023/24 be noted.

***AC 28 SHARED SERVICES METHODOLOGY**

A report was considered that presented the Shared Services Methodology for 2022/23. In his introduction, the lead Hub Committee Member advised that there was a one-off saving of £85,500 on the waste salary budget for West Devon for bringing the waste service back in house at South Hams. This sum was attributed to salaries within the Senior Leadership Team, Human Resources and the legal, design and waste teams.

The methodology illustrated a higher salary cost within Planning and Environmental Health (facilities grants) due to an increased workload. The External Auditor gave a brief overview of how sample testing was taken with transactions to ensure that they were apportioned appropriately.

It was then **RESOLVED** that the Committee note the methodology of the shared services apportionment of the costs between West Devon Borough Council and South Hams District Council for 2022/23, as attached in Appendix A of the published agenda report.

***AC 29 TREASURY MANAGEMENT MID-YEAR REPORT 2022/23**

The Lead Member introduced the report to the Committee. In so doing, it was noted that the Council had achieved an investment interest rate of 1.21% against the industry benchmark of 1.19%. The Council held £27.9 million of investments and a debt portfolio of £28 million (as at 30 September 2022). The S151 Officer stated that some money was invested with CCLA, however the advice was not to tie up any more than 10% of the Council's investment portfolio in longer term strategic investments.

It was then **RESOLVED** that the Committee endorse the content of the Treasury Management Mid-Year Report 2022/23

***AC 30 STRATEGIC RISK UPDATE**

The Leader of the Council introduced the Strategic Risk Update. Staffing issues were one area of identified risk and was being addressed with a recruitment and retention plan. The other area of concern identified was with the leisure service provision. The cost of living and energy costs was impacting on this service area. The Council continued to work with Fusion to promote active participation in healthy activities. The Council had performed well in two other previous areas of identified risk being: the response to the cost-of-living crisis and the placement of Ukrainian refugees. In both, the risks had been significantly reduced with the implementation of suitable policies and provision of appropriate resources. The risk had been managed sufficiently to deescalate these risks and remove them from the risk register.

The Assistant Director of Strategy and Organisation highlighted the intention of officers to review the risk strategy given the last review was carried out in 2018. The review would be brought to the next Audit and Governance Committee for adoption. This would be followed by Member workshops on risk management.

A Member commented on the temporary closure of Parklands Leisure Centre not helping in regard to leisure provision. The Leader stated that a new funding pot had been announced by Sport England to assist local leisure centres.

It was then **RESOLVED** that the Committee note the update on the Strategic Risk.

***AC 31 SUNDRY DEBT**

The Lead Hub Committee Member took Members through the published Sundry Debt report. The Member stated that arrears covered in the report were split into three categories which were: sundry debt; housing benefit overpayment by those still in receipt of housing benefit; and those no long in receipt. There was a decrease in levels of sundry debt from £181,000 to £135,000. There was a small reduction in housing benefit arrears with teams working hard to recover the debt.

The delivery of grants and the speed of which they were delivered over the covid-19 period was commented on and the fact that there was only one debt at the end of it. The Committee thanked the finance team for their hard work. A debt of 4 years was questioned and the Deputy S151 Officer stated that those that were not considered to be cost effective would be reviewed.

It was then **RESOLVED** that the Committee note the position in relation to the Sundry Debt.

(The Meeting terminated at 3.10pm)

Dated this

Chairman