

South Hams Council



Title:	Agenda																																													
Date:	Thursday, 30th July, 2020																																													
Time:	11.30 am																																													
Venue:	Via Skype																																													
Full Members:	<p style="text-align: center;">Chairman Cllr Rowe Vice Chairman Cllr Foss</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Abbott</td> <td style="width: 33%;">Cllr May</td> <td style="width: 33%;"></td> </tr> <tr> <td>Cllr Austen</td> <td>Cllr McKay</td> <td></td> </tr> <tr> <td>Cllr Baldry</td> <td>Cllr O'Callaghan</td> <td></td> </tr> <tr> <td>Cllr Bastone</td> <td>Cllr Pannell</td> <td></td> </tr> <tr> <td>Cllr Birch</td> <td>Cllr Pearce</td> <td></td> </tr> <tr> <td>Cllr Brazil</td> <td>Cllr Pennington</td> <td></td> </tr> <tr> <td>Cllr Brown</td> <td>Cllr Pringle</td> <td></td> </tr> <tr> <td>Cllr Chown</td> <td>Cllr Reeve</td> <td></td> </tr> <tr> <td>Cllr Hawkins</td> <td>Cllr Rose</td> <td></td> </tr> <tr> <td>Cllr Hodgson</td> <td>Cllr Smerdon</td> <td></td> </tr> <tr> <td>Cllr Holway</td> <td>Cllr Spencer</td> <td></td> </tr> <tr> <td>Cllr Hopwood</td> <td>Cllr Sweett</td> <td></td> </tr> <tr> <td>Cllr Jackson</td> <td>Cllr Taylor</td> <td></td> </tr> <tr> <td>Cllr Kemp</td> <td>Cllr Thomas</td> <td></td> </tr> <tr> <td>Cllr Long</td> <td></td> <td></td> </tr> </table>	Cllr Abbott	Cllr May		Cllr Austen	Cllr McKay		Cllr Baldry	Cllr O'Callaghan		Cllr Bastone	Cllr Pannell		Cllr Birch	Cllr Pearce		Cllr Brazil	Cllr Pennington		Cllr Brown	Cllr Pringle		Cllr Chown	Cllr Reeve		Cllr Hawkins	Cllr Rose		Cllr Hodgson	Cllr Smerdon		Cllr Holway	Cllr Spencer		Cllr Hopwood	Cllr Sweett		Cllr Jackson	Cllr Taylor		Cllr Kemp	Cllr Thomas		Cllr Long		
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Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.																																													
Committee administrator:	Democratic.Services@swdevon.gov.uk																																													

1. Urgent Business

the Chairman to announce if any item not on the agenda should be considered on the basis that he considers it as a matter of urgency (any such item to be dealt with under 'Business Brought forward by the Chairman');

2. Exempt Information

to consider whether the consideration of any item of business would be likely to disclose exempt information and if so the category of such exempt information;

3. Declarations of Interest

Members are invited to declare any personal; or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting;

4. Business Brought Forward by the Chairman

to consider business (if any) brought forward by the Chairman;

5. Reports of Bodies

to receive and as may be necessary approve the minutes and recommendations of the undermentioned Bodies

* Indicates minutes containing recommendations to Council.

(a) Audit Committee - 25 June 2020

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6. Exclusion of Public & Press

- to consider the following resolution to exclude the public and press:-

“That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following items of business in order to avoid the likely disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act”;

7. Fusion Leisure - Update

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**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD VIA SKYPE ON THURSDAY, 25 JUNE 2020**

Members in attendance			
* Denotes attendance			
∅ Denotes apology for absence			
*	Cllr L Austen (Vice-Chairman)	*	Cllr J T Pennington
*	Cllr J Brazil	*	Cllr B Spencer
*	Cllr T R Holway (Chairman)	*	Cllr B Taylor
*	Cllr J McKay		

Members also in attendance:
Cllrs H D Bastone, J D Hawkins, N A Hopwood and J A Pearce

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Chief Executive; Section 151 Officer; Director of Governance and Assurance; Head of Strategy and Projects; Internal Audit Manager; Democratic Services Manager; and Grant Thornton Engagement Lead.

A.37/19 MINUTES

The minutes of the meeting of the Committee held on 6 February 2020 were confirmed as a true and correct record.

A.38/19 URGENT BUSINESS

The Chairman advised that he had agreed for one urgent item to be raised at this meeting that related to a recommendation arising from the Executive meeting held on 18 June 2020 (Minute E.89/19 refers) that read as follows:

*‘That the Audit Committee be **RECOMMENDED** to update its Work Plan to ensure that the Risk Management elements of the Ivybridge Regeneration Project be considered at a future Committee meeting.’*

Since there was to be a further report presented to the Council meeting to be held on 24 September 2020, the Chairman informed that, should the Committee be minded to approve this recommendation, then it would be necessary for this agenda item to be considered at the next Committee meeting to be held on 23 July 2020.

In debate, Members were supportive of this recommendation and it was therefore agreed that this matter should be considered by the Committee at its 23 July 2020 meeting.

A.39/19 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.

A.40/19 GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Committee considered a paper from Grant Thornton that provided a progress update on delivering their responsibilities as the Council's External Auditors for the year ending 31 March 2020.

In discussion, the following points were raised:

- (a) In respect of Grant Thornton's Audit Fees, a number of Members sought assurances that there would be no variations in the Fees that would be imposed upon the Council this year. The Members expanded upon the point and reiterated their disappointment at the last minute requirement for the Council to pay an additional £4,500 in Audit Fees last year. Such were the budgetary pressures being faced by the Council, that Members advised that they would be very frustrated should there be any similar increase this year.

In his response, the Grant Thornton Engagement Lead advised that the organisation could not guarantee that there would not be any similar increases in audit fees until the Audit work had been concluded. Specifically regarding the Fee increase last year, the Lead informed that this had been approved by the independent PSAA (Public Sector Audit Appointments) body and was reflective of the additional (and previously unforeseen) statutory requirements that had been placed upon the External Audit function;

- (b) Having sought greater information on the role and representatives that served on the PSAA, the Committee requested that a short report be presented to its next meeting to be held on 23 July 2020.

It was then:

RESOLVED

1. That the contents of the Grant Thornton Audit Progress Report and Sector Update be acknowledged; and
2. That a short report on the role and representatives that served on the Public Sector Audit Appointments body be presented to the next Audit Committee meeting to be held on 23 July 2020.

A.41/19 INTERNAL AUDIT ANNUAL REPORT 2019/20

The Committee considered a report that summarised the work undertaken by the Council's Internal Audit Team during 2019/20; reviewed the performance of the Internal Audit service; and provided an audit opinion on the adequacy of internal control.

In particular, the report sought to inform Members of the principal activities and findings of the Council's Internal Audit Team for 2019/20 by:

- Providing a summary of the main issues raised by completed individual audits; and
- Showing the progress made by Internal Audit against the 2019/20 annual Internal Audit Plan (as approved by the Committee in March 2019); and
- Providing an opinion on the adequacy of the Council's control environment.

During the ensuing discussion, reference was made to:

- (a) the Commercial Property and Rents Audit. Whilst acknowledging the Audit findings, a Member still wished to emphasise that this Council function was of critical importance and would be a good indication of the extent of the economic downturn due to the COVID-19 Pandemic;
- (b) the number of management responses that had mentioned the availability of resources. A Member expressed his concern at the frequency of management responses that had mentioned a lack of resource availability and questioned whether there were any measures that could be put in place to mitigate these responses;
- (c) the Insurance Cover Audit. With regard to the Audit finding of 'improvements required', officers confirmed that the Council was in the process of considering the use of alternative external insurance providers in an attempt to review whether or not there were currently any areas in which the Council was over insuring. The Committee recognised the need to keep a close watching brief on this issue;
- (d) the Council Tax Audit. A Member questioned the audit finding around associated procedures to determine when a debt should be written off. For clarity, the Section 151 Officer informed that this finding related to those small value debts that were not deemed cost effective to pursue;
- (e) the Internal Audit Opinion being one of 'substantial assurance'. In light of the tone of some of the conclusions reached in some of the Internal Audit reports, a Member questioned whether the overall Opinion of 'substantial assurance' was appropriate. In reply, the Internal Audit Manager advised that a lower judgement of 'limited assurance' would constitute a significant disservice to the Council and he was firmly of the view that an Opinion of 'substantial assurance' was appropriate.

It was then:

RESOLVED

1. That overall and, based on work performed during 2019/20 and that of our experience from previous year's Audit, it be noted that the Head of Internal Audit's Opinion is of 'Substantial Assurance' on the adequacy and effectiveness of the Authority's Internal Control Framework; and
2. That the performance and achievements of the Internal Audit Team during 2019/20 be noted.

A.42/19

STRATEGIC RISK AND OPPORTUNITY MONITORING: BI-ANNUAL UPDATE

A report was considered that presented the bi-annual update on the Council's Risk and Opportunity Management Strategy.

In debate, the following points were raised:-

- (a) In terms of its presentation, some Members requested that those identified risks that were evaluated with a score of 25 were so significant that they should be separated out from the wider Corporate Risk Register. In response, officers gave an assurance that this would be implemented in future monitoring reports;
- (b) The Committee welcomed the inclusion of the additional risk that related to Health and Wellbeing Service Provision;
- (c) Such were the close linkages between the two Councils that a Member was of the view that the wider membership needed to be made aware of the financial impact being faced by West Devon Borough Council as a result of the COVID-19 Pandemic. In response, the Section 151 Officer informed that the Borough Council's Hub Committee meeting on 30 June 2020 was scheduled to consider a Budget Monitoring Report that would outline the latest financial position. Since this was to be a public report, it would be published on their Council website. To provide some comfort, the Committee was also advised that both the Council and West Devon Borough Council were felt to be well placed to deal with the financial pressures arising from the Pandemic;
- (d) With regard to those Capital Projects that were deemed to be very significant (e.g. Ivybridge Regeneration and the Dartmouth Health and Wellbeing Hub), a Member expressed his personal view that the risk elements of such projects should be considered by the Audit Committee as a matter of course. The Section 151 Officer proceeded to advise the Committee that a separate Risk Register was attached to individual Capital Project reports when they were considered by the Executive and/or Full Council.

It was then:

RESOLVED

That the Strategic Risk and Opportunity Register (as outlined at Appendix 1 of the presented agenda report) has been reviewed.

(Meeting commenced at 10.00 am and concluded at 11.40 am)

Chairman

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