

**MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE  
HELD IN THE COUNCIL CHAMBER, FOLLATON HOUSE, PLYMOUTH ROAD,  
TOTNES ON THURSDAY, 8 SEPTEMBER 2022**

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

<b>Member(s) also in attendance:</b>
Cllrs H D Bastone; N Hopwood (via Teams) and J Pearce

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

**AG.8/22 MINUTES**

The minutes of the Audit Committee meeting held on 30 June 2022 were confirmed as a true and correct record.

**AG.9/22 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.10/22 DRAFT STATEMENT OF ACCOUNTS AND DRAFT ANNUAL GOVERNANCE STATEMENT 2021/2022**

The Committee considered a report that presented the draft Statement of Accounts and draft Annual Governance Statement for 2021/22

In discussion, the following points were raised:-

- (a) The Committee noted the intention for the audited Statement of Accounts for 2021/22 to be presented back to the 24 November 2022 Committee Meeting. In reply to Members repeating their previously raised concerns over the External Audit fees that the Council was required to pay, it was agreed that Members would be provided with a detailed response from Grant Thornton representatives outside of this Meeting;

- (b) With regard to the St Ann's Chapel Housing Scheme, Members attention was drawn to Sections 21 and 32 of the draft Statement of Accounts (as set out at Appendix A of the presented agenda report).

It was then:

**RESOLVED**

That the Draft Statement of Accounts (as set out at Appendix A of the presented agenda report) and the Draft Annual Governance Statement (AGS) (as set out at Appendix B of the presented agenda report) for the financial year ended 31 March 2022 be noted.

**AG.11/22 ANNUAL TREASURY MANAGEMENT REPORT 2021/2**

Members considered a report that set out the Council's annual Treasury Management performance for 2021/22. In addition, the report sought approval of the actual 2021/22 prudential and treasury indicators.

In discussion, the Committee recognised the impact of increasing interest rates on the Council's Treasury Management performance.

It was then:

**RESOLVED**

1. That the actual 2021/22 prudential and treasury indicators in the presented report be approved; and
2. That the Annual Treasury Management Report for 2021/22 be noted.

**AG.12/22 UPDATE ON PROGRESS ON THE 2022-23 INTERNAL AUDIT PLAN**

A report was considered that sought approval for the Audit Charter and Strategy and also provided an update to Committee Members on the principal activities and findings of the Council's Internal Audit team.

In discussion, reference was made to:

- (a) the publication and management of planning notices. Whilst a statutory requirement to publish planning applications in a local newspaper publication, this was felt to be a challenge given that there was currently only one local publication and a downward trend in newspaper sales;

- (b) an addition to the recommendation was **PROPOSED** and **SECONDED** as follows:

*'That Council be **RECOMMENDED** to close down, with effect from 31 March 2023, the Servaco Trading Company.'*

In making his proposal, a Member questioned the merits of retaining the Servaco Trading Company and, as a consequence, was of the view that, with effect from 31 March 2023, it should be formally closed down. During the ensuing discussion, support was expressed for this proposal and when put to the vote, it was declared **CARRIED**.

It was then:

**RESOLVED**

1. That the Internal Audit Charter and Strategy be approved;
2. That the progress made against the 2022/23 Internal Audit Plan (and any key issues arising) be noted and approved; and
3. That Council be **RECOMMENDED** to close down, with effect from 31 March 2023, the Servaco Trading Company.

AG.13/22 **GOVERNANCE REVIEW - HOUSING PROGRAMME**

The Committee considered a report that provided an update on the progress made against the recommendations contained within the Community Housing Governance Review. The report also provided an update on other improvements implemented to date.

In discussion, a Member expressed his specific concerns over the lack of local Member involvement in such strategic projects. Furthermore, the Member also felt that, in certain instances, there had been a lack of officer accountability and responsibility that had resulted in projects slipping from their original timetable.

It was then:

**RESOLVED**

That the content of the presented agenda report (and the improvements implemented) be noted.

AG.14/22 **INVESTMENT PROPERTIES - UPDATE AND MONITORING REPORT**

Members considered a report that provided an update on the financial information and the latest valuation in respect of the Council's Investment Property portfolio.

In respect of the lease arrangements for the property acquired in Dartmouth, officers confirmed that it was intended that the Council would enter into negotiations at the appropriate time. A Member proceeded to express his view that, given that the approximate net yield on the investment properties was only 1.5%, this did not represent good value for money to the Council.

It was then:

**RESOLVED**

That the 31 March 2022 valuation figures of the Council's two Investment Properties and the rental income being received be noted.

AG.15/22 **STRATEGIC RISK UPDATE**

The Committee considered a report that presented an updated assessment of the Council's strategic risks.

During discussion, reference was made to:

- (a) the 'inadequate staffing resource' risk score. In debate, Members were of the view that one of the most significant risks currently facing the Council was the ability to be able to recruit and retain staffing resource and this was not reflected in the current risk score of 16. As a result, it was **PROPOSED** and **SECONDED** that:

*'That the Executive be **RECOMMENDED** to revisit the 'inadequate staffing resource' risk score, with a view to it being increased from the current score of 16.'*

- (b) the risks associated with the waste and recycling service. Members were of the view that the associated risks should be divided into:

1. the delivery of the Waste and Recycling Service; and
2. the facilitation of the Waste and Recycling Service returning in-house;

- (c) the cost of living crisis. The Committee noted that the Executive was to consider a detailed report on the Council's response to the cost of living crisis at its next meeting to be held on 21 September 2022.

It was then:

### **RESOLVED**

That the Committee has reviewed the Strategic Risk Register (as set out at Appendix A of the published agenda report) and **RECOMMENDS** that the Executive revisit the 'inadequate staffing resource' risk score with a view to it being increased from the current score of 16.'

#### **AG.16/22 ESTATES PROPERTY AND RENTS FOLLOW UP INTERNAL AUDIT**

As per the formal request of the Committee at its last meeting (Minute AG.7/22 refers), the Head of Assets was in attendance to provide an update on the Estates Property and Rents Follow-Up Internal Audit.

Whilst accepting that there were further improvements to be made, the officer provided a statement that set out some of the measures that had already been undertaken in light of the findings of the follow up Internal Audit.

The Committee proceeded to thank the officer for her update and Members requested that they be sent a copy of it following the meeting.

#### **AG.17/22 PERFORMANCE MANAGEMENT (DATA QUALITY) FOLLOW UP INTERNAL AUDIT**

As per the formal request of the Committee at its last meeting (Minute AG.7/22 refers), the Head of Strategy and Policy was in attendance to provide an update on the Performance Management (Data Quality) Follow-Up Internal Audit.

In his introduction, the officer stated that the Internal Audit had been carried out against two key areas:

- Staff may not follow policy and procedures; and
- Data Integrity may not be assured.

Since the follow-up audit had been carried out, significant progress had been made against both of these areas which were summarised as follows:

- All employees had now formally agreed, documented objectives that were linked to the 'Better Lives for All' Strategy;
- The Council had now adopted a suite of Key Performance Indicators and had significantly enhanced the reporting arrangements for these through the implementation of quarterly monitoring reports to the Executive and six-monthly monitoring reports to the Overview and Scrutiny Committee;

- Steps had been taken to ensure that, where data was referenced, the data source and time period was recorded so that it was auditable in the future. In addition, data that was provided in reports and against Key Performance Indicators was now available in the Council's core systems without the need to extract data and manually calculate performance; and
- Data that was used in publications such as the Annual Report and other public facing documents was now provided directly from relevant services rather than being extracted from other reports. As a result, the risk was reduced that inaccurate data was being replicated in public facing documents.

The Committee was grateful for the update and was further assured when informed that the staff objective setting exercise was aligned to the annual staff appraisal process.

#### AG.18/22 **AUDIT & GOVERNANCE COMMITTEE WORKPLAN2022-23**

Members were presented with the latest version of the Committee Work Programme and noted its contents.

In discussion, a recommendation was made to add an appraisal report relating to the recent Lybridge Regeneration Project to the agenda for the next Committee meeting to be held on 20 October 2022. Members were supportive of this proposal and requested that the appraisal was an evaluation of all aspects of the Project and it was also requested that a copy of the most of to date Business Plan for the Project be appended to the agenda item.

When put to the vote, it was then declared **CARRIED** that this item be added to the 2022/23 Committee Workplan for consideration at the next meeting to be held on 20 October 2022.

(Meeting commenced at 2:00pm and concluded at 3.35 pm)

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Chairman