

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 7 NOVEMBER 2019**

Members in attendance * Denotes attendance			
*	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, D W May and J A Pearce

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Chief Executive; Section 151 Officer; Finance HOP Lead; Internal Audit Manager; Case Management Manager; Senior Specialist – Democratic Services; Senior Specialist (ICT Information Security); and Grant Thornton Audit Manager.

A.19/19 MINUTES

The minutes of the meeting of the Committee held on 25 July 2019 were confirmed as a correct record and signed by the Chairman.

A.20/19 URGENT BUSINESS

The Chairman advised that he had no urgent items to be raised at this meeting.

A.21/19 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.22/19 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.

In discussion, the following points were raised:

- (a) The Grant Thornton Audit Manager informed that it was his intention for their External Audit Plan for 2019/20 to be presented to the next Committee meeting that was scheduled to be held on 6 February 2020;
- (b) With regard to the independent Redmond Review (that had been tasked with examining local authority financial reporting and auditing), the Section 151 Officer confirmed that she would be preparing a response as part of the consultation exercise.

It was then:

RESOLVED

That the contents of the Grant Thornton Audit Progress Report and Sector Update be acknowledged.

A.23/19

GRANT THORNTON ANNUAL AUDIT LETTER

Members considered the Grant Thornton Annual Audit Letter that summarised the key findings arising from their work that was carried out at the Council for the year ended 31 March 2019.

In the ensuing discussion, particular reference was made to:-

- (a) the valuation of land and buildings. A Member sought clarity over the comments in the Letter that the valuation of land and buildings was considered to be a 'significant risk'. In support of this finding, the Grant Thornton Audit Manager advised that the Council currently reviewed its valuations over a five-year rolling period. As a result, there was potentially 20% of the Council's estate that would not have been re-valued in any five year period;
- (b) the pension fund. The Section 151 Officer informed Members that the outcome of the Triennial Revaluation of the Pension Fund was to be presented to the next Committee meeting on 6 February 2020.

It was then:

RESOLVED

That the contents of the Annual Audit Letter for 2018/19 be noted.

A.24/19

TREASURY MANAGEMENT MID-YEAR REVIEW

A report was considered that presented a mid-year review of the Council's Treasury Management Strategy.

In debate, the following points were raised:-

- (a) A number of Members commended the performance whereby the Council had outperformed the industry benchmark by 0.26%;
- (b) In reply to a question, the Section 151 Officer advised that the Council was currently assessing the impact of the 1% increase on the Public Works Loan Board (PWLB) Interest Rate on all of the business cases that would involve external borrowing.

Having been informed that it was the role of the Audit Committee to review the arrangements in place for Risk Management (such that the Audit Committee would review a Risk Register that underpinned a Business Case only after it had been approved by the Executive or Council), a Member proceeded to put on record that he fundamentally disagreed with this viewpoint.

Whilst the PWLB Interest Rate increase was likely to impinge upon the number of capital projects that could be delivered within the Council's overall borrowing limit of £75 million (in terms of financial viability), the Section 151 Officer was content that there was no current need to commission external advisors to provide any further advice on this limit.

The Committee also noted that there may now be other sources of finance that could be accessed at a lower Interest Rate than the PWLB;

It was then:

RESOLVED

That the contents of the report be endorsed.

A.25/19

STRATEGIC RISK AND OPPORTUNITY MONITORING – REGULAR UPDATE

A report was considered that presented the six monthly update on the Council's Risk and Opportunity Management Strategy.

In discussion, some Members expressed their surprise that the Risk regarding the financial position of West Devon Borough Council did not appear on the Risk Register. In noting that it was proposed to conduct a detailed review into the Register, the Committee requested that this specific Risk be reinstated as part of this exercise.

It was then:

RESOLVED

1. That the Strategic Risk and Opportunity Register be reviewed and, as part of this exercise, the 'Budget Position of West Devon Borough Council' be added to the Register; and
2. That the proposal to review the Risk Register using a 'PESTLE' (Political, Economic, Sociological, Technological, Legal and Environmental) analysis approach be approved, with the outcome of this review being presented back to the Committee at its meeting on 26 March 2020.

A.26/19

SUNDRY DEBT

Members considered a report that provided an update of the position regarding outstanding Sundry Debt and Housing Benefit Overpayments collections up to 30 September 2019.

In discussion, reference was made to:-

- (a) Section 106 Deposits. In reply to some specific requests, it was agreed that officers would meet with any interested Members outside of the meeting to discuss Section 106 Deposits in more detail;
- (b) Debtor Days. In future update reports, the Committee requested that greater information relating to Debtor Days be included;
- (c) the uncollected target for outstanding Sundry Debt. The Committee congratulated officers for the ongoing progress that was being made on collection levels and felt it may now be timely to revisit the current target of £700,000;
- (d) the reasons for Housing Benefit Overpayments being made. When questioned, officers advised that the overriding reason for Overpayments being made was due to changes in personal circumstances before the Council had been informed.

It was then:

RESOLVED

That the contents of the report be endorsed.

A.27/19 UPDATE ON PROGRESS ON THE 2019/20 INTERNAL AUDIT PLAN

A report was considered that informed the Committee of the principal activities and findings of the Council's Internal Audit team for 2019/20 to 4 October 2019 by:

- showing the progress made by Internal Audit against the 2019/20 annual Internal Audit Plan (as approved by the Committee in March 2019); and
- highlighting any revisions to the 2019/20 Internal Audit Plan.

In discussion, reference was made to:-

- (a) staff sickness absence levels. The Committee welcomed the fact that absence levels had now reduced amongst the Team;
- (b) additions to the Plan. By way of an update, the Internal Audit Manager advised of the following additions to the Plan:
 - Parking Permits – added at the request of the Leader of the Council; and
 - Purchasing Cards – added at the request of the Section 151 Officer.
- (c) the Greater Dartmoor Local Enterprise Action Fund (LEAF) and South Devon Coastal Action Group (LAG). It was confirmed that officer time to audit these grants could be reclaimed;
- (d) the Use of Social Media Audit. When questioned, officers clarified that the Audit did include both Members and officers and the conclusion was that the policies remained fit for purpose;
- (e) the Cyber Security Audit. At the request of the Committee, the Senior Specialist (ICT Information Security) was in attendance to provide an update on the measures that the Council had in place. Due to the nature of the update, it was **PROPOSED** and **SECONDED** and on being put to the vote was declared **CARRIED** 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 item of business as the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act is involved.’

Once the Committee was satisfied that it had no further questions or issues to raise, it was then **PROPOSED** and **SECONDED** and on being put to the vote was declared **CARRIED** that:

‘The public and press be re-admitted to the meeting.’

It was then:

RESOLVED

That the progress made against the 2019/20 Internal Audit Plan (and any key issues arising) be approved.

A.28/19 INTERNAL AUDIT CHARTER AND STRATEGY 2019/20

A report was considered that sought to review and approve the Internal Audit Charter and Strategy 2019/20.

With no questions or debate ensuing, it was then:

RESOLVED

That the Internal Audit Charter and Strategy 2019/20 be approved.

A.29/19 PROPOSED COMMITTEE WORKPLAN FOR THE 2019/20 FINANCIAL YEAR

In considering its Annual Workplan, the Committee was reminded of the potential significance of the 'Outcome of the Triennial Revaluation of Pension Fund' that was scheduled to be considered at the next meeting on 6 February 2020. Depending on the outcome of the Revaluation, if there were potential significant budget implications, then it could be necessary to bring forward the date of the meeting because the Executive was due to make its final recommendations on the 2020/21 Budget before the Committee was next due to meet.

(Meeting commenced at 10.00 am and finished at 11.50 am)

Chairman