

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE  
HELD IN THE REPTON ROOM, FOLLATON HOUSE, PLYMOUTH ROAD, TOTNES  
ON THURSDAY, 1 JULY 2021**

<b>Members in attendance</b> * Denotes attendance ∅ Denotes apology for absence			
*	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>Members also in attendance:</b>
Cllrs H D Bastone, J D Hawkins and J A Pearce

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Chief Executive; Section 151 Officer; Head of Strategy and Projects; Internal Audit Manager; and Democratic Services Manager

**A.1/21 MINUTES**

The minutes of the Audit Committee meeting held on 8 April 2021 were confirmed as a true and correct record.

**A.2/21 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.3/21 GRANT THORNTON: SOUTH HAMS DISTRICT COUNCIL ANNUAL AUDIT PLAN**

The Committee considered a report that provided an overview of the planned scope and timing of Grant Thornton's statutory audit of the Council.

In discussion, particular reference was made to:

- (a) the increased Audit Fees. Whilst noting the comments in the Plan, the Committee reiterated its previously held belief that a 27% increase in Audit Fees was excessive.

In particular, Members questioned whether the Council would receive a proportionate amount of auditor hours to reflect the increased Fee and sought assurances that this would not be a recurring trend in future years. In response, the Section 151 Officer committed to forwarding these points to Grant Thornton representatives outside of this Committee meeting and confirmed that she would provide their reply to Committee Members in advance of the next meeting;

- (b) the risks associated with the valuation of land and buildings, including investment properties due to the valuation uncertainty as a consequence of COVID, which was a national issue. When questioned, the Section 151 Officer informed that there had been no change in the fair value valuation of the Council's two investment properties (no change between the 31 March 2021 valuation and the same valuation at 31 March 2020) and that more detail would be presented to a September meeting of the Committee.

A.4/21

### **INTERNAL AUDIT ANNUAL REPORT 2020/21**

Members considered a report that summarised the work undertaken by the Council's Internal Audit team during 2020/21. In addition, the report sought to review the performance of the Internal Audit service and provide an audit opinion on the adequacy of internal control.

In discussion, reference was made to the impact of the COVID-19 Pandemic. Members noted that, in light of Internal Audit resource having been diverted to assist with the processing of Business Grant applications, 11 out of 47 planned audits had either been deferred or not started as at 31 March 2021. As a result, an additional recommendation was **PROPOSED** and **SECONDED** as follows:

*'That the Committee **RECOMMEND** to the Executive to procure an extra 0.5 Full Time Equivalent (FTE) of Internal Audit resource from the Devon Audit Partnership for the 2021/22 Financial Year to backfill for the loss of Internal Audit staff time that has been used to administer the Business Grants for the Council. If approved, this to be funded from the New Burdens Funding received from the Government for administering the Business Grants. This will ensure a robust Internal Audit environment by enabling the internal audit service to fully complete its Audit Plan for 2021/22.'*

In discussion, officers confirmed that provision for additional resource of 0.5 FTE would help to make significant inroads into the Audit Plan. Furthermore, Members recognised that, if approved, the proposal would be effectively cost neutral to the Council.

When put to the vote, this recommendation was declared **CARRIED**.

It was then:

### RESOLVED

1. That it be noted that, overall and based on work performed during 2020/21 and that of our experience from previous year's audit, the Head of Internal Audit's Opinion is 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 2020/21 be noted; and
3. That the Committee **RECOMMEND** to the Executive to procure an extra 0.5 Full Time Equivalent (FTE) of Internal Audit resource from the Devon Audit Partnership for the 2021/22 Financial Year to backfill for the loss of Internal Audit staff time that has been used to administer the Business Grants for the Council. If approved, this to be funded from the New Burdens Funding received from the Government for administering the Business Grants. This will ensure a robust Internal Audit environment by enabling the internal audit service to fully complete its Audit Plan for 2021/22.

A.5/21

### BI-ANNUAL STRATEGIC RISK UPDATE

Consideration was given to a report that presented the bi-annual Strategic Risk Register to the Committee for its comment and review.

In discussion, the following points were raised:-

- (a) Officers confirmed that they would revisit the format of the Register to ensure that future editions were more reader friendly;
- (b) Members stated the extent of the risks associated with the Council's Leisure Contract and noted that the Executive Forward Plan included provision for a report to be presented to the Executive at its meeting on 14 October 2021. As a result, an additional recommendation was **PROPOSED** and **SECONDED** as follows:

*'That the Executive be **RECOMMENDED** to address in its October report on the Leisure Service the risk that the capacity of the Leisure Centres is significantly reduced whilst many overheads and operating costs remain the same and the mitigation for this risk.'*

When put to the vote, the recommendation was declared **CARRIED**.

It was then:

**RESOLVED**

1. That the Strategic Risk Register (as set out at Appendix 1 of the presented agenda report) has been reviewed; and
2. That the Executive be **RECOMMENDED** to address in its October report on the Leisure Service the risk that the capacity of the Leisure Centres is significantly reduced whilst many overheads and operating costs remain the same and the mitigation for this risk.

A.31/20 **DATE OF NEXT MEETINGS**

To ensure the availability of Grant Thornton representatives, Members agreed that the next two Committee meetings should be moved to be held on the following dates and times:

- Thursday, 2 September 2021 at 2.00 pm; and
- Thursday, 30 September 2021 at 9.30 am.

(Meeting commenced at 10.00 am and concluded at 10.45 am)

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Chairman