

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD IN THE REPTON ROOM, FOLLATON HOUSE, PLYMOUTH ROAD,
TOTNES ON THURSDAY, 28 OCTOBER 2021**

Members in attendance * 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		

Member(s) also in attendance:
Cllr H D Bastone, J Hawkins, and J Pearce

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Director of Governance and Assurance; Section 151 Officer; Head of Finance; Democratic Services Specialist; and Grant Thornton Engagement Lead

A.11/21 MINUTES

The minutes of the Audit Committee meeting held on 2 September 2021 were confirmed as a true and correct record.

A.12/21 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.13/21 GRANT THORNTON REPORT: AUDITOR'S ANNUAL REPORT

Consideration was given to a report, which had been produced by Grant Thornton, that updated on the financial statement audit. The Grant Thornton Engagement Lead confirmed that the final assurance from the Devon Pension Fund Auditor had been received, and therefore, subject to Agenda item A.14/21 being approved, the Auditors would be able to issue an 'unqualified' audit opinion on the 20/21 Accounts. The template for certifying closure of the audit and the Audit Office Guidance on completing this form had not yet been received. Until such time, therefore, the Audit could not be closed, but the Opinion could be posted to the Council's website.

In discussion, reference was made to:

- (a) Detailed, significant sample testing was performed on the distribution of Covid grants resulting in no issues at all being found.
- (b) It was highlighted that additions in respect of Ivybridge Depot had been double counted to the value of £1,229k. This had been corrected in the Statement of Accounts.
- (c) There had been further changes to the Annual Governance Statement to reflect Grant Thornton's suggested amendments on the 2020/21 Statement of Accounts.
- (d) Significant time and manual intervention had been required to produce the transaction listing. Therefore a recommendation in appendix A of the attendant report was to discuss with the system supplier (Civica), or other neighbouring authorities using the same system, to see if this could be improved and made more automated in the future.
- (e) The Grant Thornton Engagement Lead confirmed that this audit had been exceptionally clean, and compared favourably with many other local authorities.
- (f) The Leader was glad to hear that South Hams District Council was one of very few authorities to have completed their audit, but it was still beyond the deadline date (target date) of 30th September. The Grant Thornton Engagement Lead explained that there were still impacts due to the Covid pandemic and remote working, plus audits were required to be much more in-depth and detailed now. It was also noted that there was a national shortage of experienced auditors and that Grant Thornton were taking on more graduates but it would be years before these were experienced enough to alleviate the resource shortage. A Member stated that it was important that the audit was thorough and due time was taken.
- (g) A Member raised the issue of monies spent on projects which did not come to fruition and the scheme of delegation that was in place through the Council's Investment Strategy was referred to. A separate item on Investments is on the Audit Committee's workplan for a report in December.

It was then:

RESOLVED

That the contents of the Grant Thornton (IAS 260) Report be noted.

A.14/21

GRANT THORNTON REPORT: AUDIT FINDINGS REPORT 2020/21

Consideration was given to the Audit Findings report for 2020/21. The report was presented by Grant Thornton's Engagement Lead.

In discussion, the following points were raised:-

- (a) Although formal reporting of performance had not happened in 2021, the Auditors recognised that performance had been monitored and reported in other ways, but they had recommended that this be reviewed.
- (b) The Devon Districts Procurement Group should be reviewed quarterly, however this had not occurred. The review should be reinstated.
- (c) No significant weaknesses were found within governance but a couple of improvements had been identified: staff should receive a refresher of the code of conduct and the whistle blower policy needed to be updated. It was confirmed that the Whistle Blowing Policy was on the Audit Committee's work programme for March 2022.
- (d) The general reserves (both unearmarked reserves and earmarked reserves) of the Council fell in the middle of the range of reserves held by all other district councils. The Grant Thornton Engagement Lead was of the opinion this was where the Council ought to be.
- (e) With reference to the Capital Programme Appendices, officers would review best practice at other councils, particularly for those projects that cover multiple financial years.

It was then:

RESOLVED

That the contents of the Grant Thornton 'Audit Findings Report' be noted.

A.15/21

AUDITED ANNUAL STATEMENT OF ACCOUNTS 2020/21

Consideration was given to a report that presented a summary of net revenue and capital expenditure and sought approval of the audited Statement of Accounts for 2020/21.

The Executive Member for Finance gave thanks to the Finance Team and stated that the audit was a great credit to them and to the Council.

It was then:

RESOLVED

1. That the wording of the Letter of Representation (as set out at Appendix A of the presented agenda report) be approved;
2. That the audited Statement of Accounts for the financial year ended 31 March 2021 (as set out at Appendix B of the presented agenda report) be approved; and,
3. That the Annual Governance Statement post audit (as set out

at Appendix C of the presented agenda report) be approved.

A.15/21 **ANNUAL TREASURY MANAGEMENT REPORT 2020/21**

Members considered a report that set out the Council's annual treasury management performance for 2020/21. In addition, the report sought approval of the actual 2020/21 prudential and treasury indicators.

It was then:

RESOLVED

That the Audit Committee:

1. **APPROVED** the actual 2020/21 prudential and treasury indicators; and,
2. **NOTED** the Annual Treasury Management Report for 2020/21;

A.16/21 **AUDIT COMMITTEE WORK PROGRAMME**

The Committee noted the work programme. The Leader confirmed that a report on Community Housing was on the Executive Forward Plan for a report in December.

A.17/21 **CONFIRMATION OF DATES OF AUDIT COMMITTEE MEETINGS**

The remaining dates of the Audit Committee in the fiscal year were noted as 9th December 2021 and 10th March 2022.

(Meeting commenced at 2.00 pm and concluded at 3.20 pm)

Chairman