

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD IN THE REPTON ROOM, FOLLATON HOUSE, PLYMOUTH ROAD,
TOTNES ON THURSDAY, 10th MARCH 2022**

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 (via Teams in a non-voting capacity)	*	Cllr B Taylor
*	Cllr J T Pennington		

Member(s) also in attendance:
Cllrs N Hopwood (via Teams); J McKay (via Teams); and J Pearce

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Director of Place and Enterprise (via Teams); Section 151 Officer; Head of Finance; Democratic Services Manager (via Teams); Head of Strategy & Projects (via Teams); Audit Manager; Audit Specialist (via Teams); External Auditor; External Auditor (via Teams); Democratic Services Specialist; IT Specialist.
5.	A.31/21	Chief Executive (via Teams);

A.29/21 MINUTES

The minutes of the Audit Committee meeting held on 9 December 2021 were confirmed as a true and correct record.

A.30/21 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.31/21 PENSIONS PRESENTATION BY DEVON COUNTY COUNCIL

A presentation was given to the Committee and Members on the current situation of the Council's Pension Fund. The presentation was given by Mark Gayler, Investment Manager at Devon County Council (DCC).

The presentation included updates in investments in petroleum companies, which had been reduced in recent years in line with Councils declaring a Climate Change Emergency. Members were also

appraised of investments in the Russian stock market, following the recent invasion of Ukraine.

The recently released Levelling-Up White Paper, from Central Government, had suggested that local government pension schemes were to set out plans to invest 5% of their funds in local investments. This had subsequently been clarified to explain that 'local' in this context referred to investments within the United Kingdom.

As the District Council's representative on the Investment and Pension Fund Committee, the Leader stated that it was her belief that the pension scheme was very well run under difficult circumstances. The Chairman thanked Mr Gayler for his informative presentation.

A.32/21

GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE

Consideration was given to a report that updated Members on progress made by the Council's external auditors, Grant Thornton, including that the Housing Benefit Subsidy Claim had been submitted to the Department of Work and Pensions before the deadline in February 2022.

The Auditors Report on the Audited Accounts was due to be completed by the end of November 2022.

Following a question from a Member of the Committee, it was agreed that the external auditors would run a training session for all Members on scrutinising the draft accounts. This event would be held remotely and scheduled to occur before the Draft accounts were presented to the Audit Committee.

Further to a query regarding Grant Thornton's own actions towards Climate Change and Biodiversity, it was confirmed that more meetings and preparatory work were held remotely which cut down on emissions and enabled better use of working time. The External Auditor committed to sending round a fuller list of Grant Thornton's Key Actions on the issue.

The Chairman thanked the Grant Thornton Auditors for attending the meeting.

It was then:

RESOLVED

That the progress made against the 2021/22 external audit report, and any key issues arising, be noted and approved.

A.33/21

2022/23 INTERNAL AUDIT PLAN

The Committee was apprised of the proposed Internal Audit Plan for 2022/23. Although it was anticipated that the Covid Pandemic could still impact on the available workdays, the plan had been developed based on the standard 430 work days.

Following questions from Members of the Committee, it was confirmed that:

- It remained a statutory requirement for the Local Enterprise Action Fund and Local Action Group Grants to be subject to audit as part of the process of delivery
- The Salcombe Harbour Authority and Dartmouth Lower Ferry were audited annually but each year focussed on a different area of their operation to give the Council assurance on satellite areas.

It was then:

RESOLVED

- 1) That the report be approved; and
- 2) That the proposed Internal Audit Plan for 2022/23, as at Appendix A of the attendant report, be approved.

A.34/21

UPDATE ON PROGRESS ON THE 2021/22 INTERNAL AUDIT PLAN

Consideration was given to a report that updated Members on progress made against the Internal Audit Plan. It was highlighted that internal audits had been impacted by the Covid pandemic, with one team member continuing to work on the administration of grants related to mitigating the impact of Covid. Eleven other audits were outstanding but in progress with draft reports ready for officer comment. There were a small number of audits still to commence. A review of the audit plan had been undertaken to discuss which audits could go ahead or be postponed.

Further to a question from Members, it was confirmed that there was limited assurance given to the report on performance management and, for this reason, it had been re-added to this year's plan. However, the internal auditor was confident that progress was being made. The Leader confirmed that a report was due to go before the Executive in the next two months.

The officer agreed to add in timescales in future reports.

It was then:

RESOLVED

That the progress made against the 2021/22 internal audit plan, and any key issues arising, be noted and approved.

A.35/21 **2022/23 CAPITAL STRATEGY, 2022/23 TREASURY MANAGEMENT STRATEGY, and 2022/23 INVESTMENT STRATEGY**

Members of the Committee reviewed the report that outlined the proposed Capital Strategy, Treasury Management Strategy, and the Investment Strategy for the 2022/23 financial year.

During discussions the following points were made:

- The Investment Strategy had been approved by Full Council with the Senior Leadership Team's role outlined as identifying potential investment opportunities and bringing these to Members' attention for their review. It was also open for Members to bring any potential opportunities to the Executive.
- The Lybridge Regeneration project was going through RIBA stages and it was hoped that it would be brought before the Council's Development Management Committee in June 2022. The Section 151 Officer confirmed that a further report on Lybridge Regeneration will be presented to Full Council, prior to planning and prior to the project moving to the delivery phase.
- Following discussion it was **PROPOSED, SECONDED**, and once put to the vote, **AGREED** that the Committee should receive treasury management training, as part of the induction process, following the elections in May 2023.

It was then:

RECOMMENDED:

1. That the Audit Committee **SCRUTINISED** and **RECOMMENDED** to Council the approval of the 2022/23:
 - i) Capital Strategy (as attached at Appendix A of the attendant report)
 - ii) Treasury Management Strategy (as attached at Appendix B of the attendant report)
 - iii) Investment Strategy (as attached at Appendix C of the attendant report)
 - iv) That delegated authority be given to the Section 151 Officer, in consultation with the Leader of the Council and the Executive Member for Finance, to make any minor amendments to these Strategies if required throughout the 2022/23 Financial Year.
2. That, as part of the 2023 Member Induction Programme, the Committee request that a Treasury Management Training session be included.

A.36/21 BUDGET BOOK 2022/23

Consideration was given to a report that set out the Council's Revenue Budget for the year which had been detailed into the four Directorates of Customer Service and Delivery; Place and Enterprise; Governance and Assurance; and Strategic Finance.

During discussion, it was requested that a pdf version of the Budget Book should be sent to Members.

It was then:

RESOLVED

That the Audit Committee note the content of the Budget Book for 2022/23.

A.37/21 SHARED SERVICES METHODOLOGY 2021/22

The Deputy Leader outlined the report that explained the methodology for apportionment of costs between South Hams District and West Devon Borough Councils. The majority of the costs related to staffing costs. It was noted that the change in the apportionment relating to the contact centre was due to an increase in calls relating to South Hams District Council.

It was then:

RESOLVED

That the Audit Committee **NOTE** the methodology of the shared services apportionment of costs between South Hams District Council and West Devon Borough Council for 2021/22, as per Appendix A of the attendant report.

A.38/21 SUNDRY DEBT

Consideration was given to a report that provided Members with an update of the position of Sundry Debt and Housing Benefits Overpayments up to 31st January 2022. Debt recovery had been paused during the early months of the Covid pandemic but it was confirmed that all debt recovery was now progressing as usual.

The Chairman stated that the current situation was very good.

It was then:

RESOLVED

That the position in relation to Sundry Debt be noted.

A.39/21 REVIEW OF CONFIDENTIAL REPORTING POLICY

Members considered a review of the Confidential Reporting Policy, also known as the Whistle-Blowing Policy. It was highlighted that this important policy should be regularly reviewed to ensure it remained fit for purpose. It had been a specific recommendation from Grant Thornton's audit of 2020/21 that this policy be reviewed before the year end.

Following a question from a Member, it was confirmed that staff had not had any input to this policy, therefore it was **PROPOSED**, and **SECONDED** that staff should be consulted before the policy was brought to Council meeting on 19th May. It was noted that there were a series of in-person staff meetings to be held over the coming weeks and that staff could be consulted then. When put to the vote, this addition to the recommendations was **AGREED**.

It was then:

RECOMMENDED

That the Audit Committee **RECOMMEND** to Annual Council that the Council adopt the reviewed Confidential Reporting Policy and related Frequently Asked Questions, as attached at Appendices 1 and 2 of the attendant report, subject to, before the Annual Council meeting in May, all staff being consulted during the next round of Staff Briefings.

A.28/21 AUDIT COMMITTEE MEETING – Change of Date

The Committee noted that, since the Calendar of Meetings for 2022/23 had been approved by the Council, it was necessary that, due to officer availability, the Committee meeting scheduled for the 1st September 2022 be moved to 8th September 2022.

(Meeting commenced at 11:00am and concluded at 2:00pm; with lunch break at 12:45 to 1:15pm)

Chairman