

At a Meeting of the **AUDIT COMMITTEE** held in the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **19th** day of **March 2024** at **2.00pm**

Present: Cllr G Dexter (Chairman)
Cllr R Cheadle
Cllr A Cunningham
Cllr D Sellis
Cllr L Watts

Officers in attendance: Section 151 Officer
Deputy Section 151 Officer
External Auditor
Head of Devon Audit Partnership
Assistant Director of Strategy & Governance
Senior Democratic Services Officer

Also in attendance:
Cllr C Edmonds

***AC 35 APOLOGIES FOR ABSENCE**

There were apologies forwarded to the meeting from Cllrs K Ball and Oxborough

***AC 36 DECLARATIONS OF INTEREST**

There were no declarations of interest forwarded to this meeting.

***AC 37 ITEMS REQUIRING URGENT ATTENTION**

There were no items requiring urgent attention.

***AC 38 CONFIRMATION OF MINUTES**

The Minutes of the Committee Meeting held on 5 December 2023 were confirmed by the Committee as a true and correct record.

The S151 Officer updated the Committee and confirmed that the Procurement Officer was now in place.

***AC 39 GRANT THORNTON EXTERNAL AUDIT OPINION ON THE 2022/23 STATEMENT OF ACCOUNTS**

The External Auditor took Members through the report. He confirmed that for all intents and purposes the 2022/23 audit had been concluded and he was proposing to provide an unqualified audit opinion following the meeting, meaning that the accounts give a true and fair view. The External Auditor commented that the report was a very clean audit report and thanked the finance team for their help and support during the audit. The materiality level remained at £570k, with the trivial level being £29k. Anything under the trivial level was not included in the report formally, however any findings would be discussed with the S151 Officer. He spoke on the control areas and cyber security training was highlighted as a medium risk as some Members had not completed the required

training. Retention of Councillor information was also highlighted. Every Councillor must respond annually to request for information required. A recommendation was made around creating a change in circumstances report to enable the auditors to test the payroll system for changes in working patterns and hours.

Journal system controls were in place although with the number of journals posted, only journals over £25,000 are reviewed, hence it being flagged as a risk. However, the controls are proportionate to the risks. The External Auditor confirmed that no audit adjustments to any of the main financial statements were required.

In response to a Member question around how the audit report compares to others, the auditor explained there was no formal benchmarking however, he stated that the audit was one of the cleanest he would be issuing this year, and it would be near the top of the pile.

In the future external audit recommendations will be added to the audit tracker to be monitored alongside internal audit recommendations.

It was then **RESOLVED** that the Grant Thornton External Audit Opinion on the 2022/23 Statement of Accounts was Noted.

***AC 40 ANNUAL STATEMENT OF ACCOUNTS 2022/23**

The Lead Member introduced the report to the Committee. He confirmed that Grant Thornton started the audit in September 2023 and completed in February 2024. He stated they would be giving an unqualified audit opinion. Both he and the Chairman thanked the finance team for their hard work.

It was then **RESOLVED** that the Annual Statement of Accounts for 2022/23 were approved

1. The wording of the Letter of Representation (Appendix A)
2. The audited Statement of Accounts for the financial year ended 31 March 2023 (Appendix B)
3. The Annual Governance Statement post audit (Appendix C)
4. The audited Summary of Accounts for the financial year ended 31 March 2023 (Appendix D)

***AC 41 BISHOP FLEMING AUDIT PLAN FOR 2023/24 STATEMENT OF ACCOUNTS**

The External Auditor introduced himself and Bishop Fleming to the Committee. He confirmed that the handover between themselves and Grant Thornton would take place with minimal disruption. A Member made a request for their reports to be published without pale colours in the future as they make it a difficult read. The External Auditor would feed this back to the marketing team to correct in future. He spoke on revenue and fraud and expenditure recognition and possible risk areas. Audit fees were questioned by a Member and the auditor confirmed that these are the PSAA scale fee.

It was then **RESOLVED** that the Audit Plan was Noted.

***AC 42 PROPOSED INTERNAL AUDIT PLAN FOR 2024-25**

The Lead Hub Member introduced the report to the Committee. This year Members are being shown a 4-year plan rather than the 12-month plan.

In response to a Member question the S151 Officer spoke on housing projects such as Spring Hill in Tavistock where the pandemic impacted with increased construction costs. This impacted on the viability of the project. The Internal Auditor spoke on lessons learnt and good practice with projects such as these that had not been able to progress. The S151 Officer commented that during the pandemic when issuing payments for business grants at pace, being able to consult colleagues at DAP was invaluable. She outlined the Member event that is run annually by DAP that included Best Practice and that all Members are entitled to attend. A Member commented on the Okehampton Railway Station and transport hub being a high-profile project and asked that a recommendation be made to Council for further Special Council meetings to be arranged to keep Members up to speed on the project. The S151 Officer in response to a Member question explained that the Freeport was a partnership between three authorities, being Plymouth City Council, Devon County Council and South Hams District Council. The business rates generated would be mainly in the SHDC area and so they would have to set up business rates accounts that would be ring fenced to SHDC. They are looking to borrow £5.5m for the Freeport and that would be paid back by the additional business rates collected. West Devon's accounts will not be impacted by the Freeport.

It was then **RESOLVED** that the proposed Internal Audit Plan for 2024/25 was Approved.

***AC 43 UPDATE ON PROGRESS OF INTERNAL AUDIT PLAN 2023/24**

The Hub Lead Member took Members through the report. He stated the Head of Internal Audit was looking to deliver a reasonable assurance on the adequacy and effectiveness of the Councils internal control framework. The assurance was underpinned by the six substantial and 17 reasonable assurance reports made so far in the 2023/24 year. There were 6 reports that with the agreement of management were deferred to 2024/25.

The debt management software upgrade was due in autumn 2023, however due to the late audit, it would take place as soon as the 2023/24 accounts were closed.

It was then **RESOLVED** that the progress against the 2023/24 internal audit plan was Noted.

***AC 44 2024/25 CAPITAL STRATEGY, 2024/25 TREASURY MANAGEMENT STRATEGY AND 2024/25 INVESTMENT STRATEGY**

The Hub Lead Member presented the strategies to the Committee. He stated the Capital Financing requirement, the Council's underlying need to borrow for the capital programme was projected as £23.7m for

2024/25. At the end of March 2024, the council were projected to have an external borrowing of £27m, reducing to £26.371m by the end of March 2025. The maximum level of borrowing would remain at £50m. On 31 January 2024 the Council held £34m in investments. External treasury management training was arranged for all Members in November 2023 to ensure all Members were up to date with their skills to continue to make capital and treasury management decisions.

It was then **RESOLVED** that:

1. Capital Strategy (Appendix A)
2. Treasury Management Strategy (Appendix B)
3. Investment Strategy (Appendix C)
4. Delegated authority was given to the Section 151 Officer, in consultation with the leader of the Council and the Hub Committee Members for Finance, to make any minor amendments to these Strategies if required throughout the 2024/25 Financial year.

***AC 45**

BUDGET BOOK 2024/25

The Lead Hub Member presented the report to Committee.

The S151 Officer explained the additional 7.5% cost pressure on the waste service was due to contract inflation (the inflation calculation is based on CPI, wage increases and fuel cost). There were also additional properties added to the contract to collect waste from as well as extra rounds.

She also stated that both household and major planning applications were on track. A report had been taken to Members two years ago, asking for more resource to be put to that service area, due to the difficulty in recruitment and staff retention. Planning income was dropping, however the government had set out that the fees for planning applications were increased in December 2023 by 25% and by 35% for major applications. The authority was successful in gaining £170k grant money which was used to address the backlog in processing applications.

A review of car parking fees in long stay car parks charges resulted in an increase in the fees and a projected increase in budgeted income of £150k, which would bring income back to the pre-pandemic level.

It was then **RESOLVED** that the content of the Budget Book for 2024/25 was noted.

***AC 46**

SHARED SERVICES METHODOLOGY 2023/24

The Lead Hub Member presented the report to the Committee. He outlined the reduction in staffing costs in West Devon in 2023/24. These were in the areas of the customer contact team, Head of Legal Practice and planning enforcement.

It was then **RESOLVED** that the Committee noted the methodology of the shared services apportionment of costs between West Devon Borough Council and South Hams District Council for 2023/24

***AC 47 INTERNAL AUDIT RECOMMENDATIONS TRACKER**

The Lead Hub Member presented the report to the Committee. He pointed out that the number of high-risk recommendations outstanding had fallen from 22 in October 2023 to just 8 at the time of the report. A progress report would be brought to Committee in 6 months time.

It was then **RESOLVED** that the Committee Noted the progress made against implementations of Internal Audit recommendations.

***AC 48 PROPOSED WORKPLAN FOR THE AUDIT & GOVERNANCE COMMITTEE FOR THE 2023/24 MUNICIPAL YEAR**

Members commented on the size of the meeting's agenda. The S151 Officer stated that the accounts that the Members considered in July have to be formally re-presented at the Committee by law. There was a suggestion that the briefing meeting could be opened up to all Members of the A&G Committee Members. The Chairman suggested he go through the content of the coming years meetings with the S151 Officer and bring the outcome back to the next meeting.

(The Meeting terminated at 3.30 pm)

Dated this

Chairman