

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD VIA SKYPE ON THURSDAY, 15 OCTOBER 2020**

Members in attendance * Denotes attendance ∅ Denotes apology for absence			
*	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, J A Pearce, K Pringle and R Rowe	

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Chief Executive, Section 151 Officer; Director of Governance and Assurance; Head of Finance; Democratic Services Manager; and Grant Thornton Representatives

A.9/20 MINUTES OF MEETINGS

The minutes of the Audit Committee meetings held on 23 July 2020 and 30 July 2020 were both confirmed as a true and correct record.

A.10/20 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.11/20 GRANT THORNTON (ISA 260) REPORT: ACCOUNTS – THE AUDIT FINDINGS FOR SOUTH HAMS DISTRICT COUNCIL

Consideration was given to a report that had been produced by Grant Thornton that advised that the anticipated audit report opinion would be 'unqualified' but with an 'Emphasis of Matter' paragraph in relation to material uncertainties with regard to the valuation of land and buildings and investment properties. The representatives confirmed that this was a national issue related to the COVID-19 Pandemic and the Council had followed national guidance in its valuations processes.

In discussion, reference was made to:

- (a) awaiting assurances from the Devon Pension Fund auditor. When questioned, the representatives informed that the information was anticipated to be received by the end of October 2020. Furthermore, it was noted that a number of other local authorities were in a similar position and Grant Thornton was unable to formally conclude its audit work until these assurances had been received;
- (b) the frequency of asset valuations. In reply to a question, the representatives clarified that asset valuations were carried out on a rolling five-yearly cycle;
- (c) the overall performance of the Council. Having been informed by the representatives that the report was as good an External Audit report as any local authority was likely to receive, the Committee wished to put on record its thanks to the Section 151 Officer and her finance colleagues;
- (d) the 'amber' value for money rating. The representatives advised that this rating was reflective of the future financial pressures that were facing all local authorities in the current challenging economic climate.

It was then:

RESOLVED

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

A.12/20

GRANT THORNTON REPORT – INFORMING THE AUDIT RISK ASSESSMENT FOR SOUTH HAMS DISTRICT COUNCIL 2019/20

Members considered a report that Grant Thornton had produced that covered some important areas of the auditor risk assessment where the organisation (in its capacity as the Council's External Auditor) was required to inform the Committee in accordance with auditing standards.

In discussion, the Section 151 Officer advised that the reference to the monies spent on legal advice and due diligence for renewable energy opportunities was also part of the Capital Programme Monitoring Report that was to be considered at the Executive meeting to be held on 22 October 2020.

It was then:

RESOLVED

That the contents of the Grant Thornton – Informing the Audit Risk Assessment for South Hams District Council 2019/20 Report be noted.

A.13/20 **GRANT THORNTON – COVID-19 AND LOCAL GOVERNMENT**

The Committee considered an information report that had been produced by Grant Thornton that set out the impact of the COVID-19 Pandemic on local government.

It was then:

RESOLVED

That the contents of the Grant Thornton – COVID-19 and Local Government Information Report be noted.

A.14/20 **GRANT THORNTON – LOCAL GOVERNMENT AUDIT AND FINANCIAL REPORTING: THE REDMOND REVIEW**

Members considered a report that set out the views of Grant Thornton on the recent Redmond Review into Local Government Audit and Financial Reporting.

In discussion, reference was made to:-

- (a) the benefits of recruiting an Independent Member to serve on the Committee. Whilst recognising that the decision to trial (initially for a twelve month period) the recruitment of an Independent Member had been put on hold because of the pandemic, it was hoped that this decision could now be actioned;
- (b) the scope to increase Audit fees. Some concerns were raised over the Review findings whereby the current fee structure for local audits should be increased.

It was then:

RESOLVED

That the contents of the Grant Thornton – Local Government Audit and Financial Reporting: The Redmond Review Report be noted.

A.15/20 **ANNUAL STATEMENT OF ACCOUNTS 2019/20**

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 2019/20.

In discussion, the following points were raised:-

- (a) Such was the significance of this agenda item, that a Member was firmly of the view that it warranted a standalone Committee meeting. In reply, the Leader informed that she would ensure that this viewpoint was taken into account during the drafting of the annual Calendar of Meetings for 2021/22;
- (b) When questioned, the Section 151 Officer stated that, of the £42 million of business grants monies that had been paid to eligible businesses, £11 million had been paid to second homeowners whose businesses met the Government eligibility criteria. In response, a Member emphasised the importance of this loophole being closed by Central Government. Members recognised that this was something that the Council had vigorously lobbied for and it was hoped that this change would be reflected within the Government's future reform of Business Rates, which was due to be published in Spring 2021;
- (c) In light of the volume of information contained within the report and appendices, a Member requested that, in the future, the agenda be published earlier than the statutory requirement of five clear working days.

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 2020 (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.16/20

ANNUAL TREASURY MANAGEMENT REPORT FOR 2019/20

Members considered a report that set out the Council's annual treasury management performance for 2019/20. In addition, the report sought approval of the actual 2019/20 prudential and treasury indicators.

In discussion, the Committee thanked the Council's Treasury Management Officers and recognised that the role was a difficult one to undertake.

It was then:

RESOLVED

1. That the actual 2019/20 prudential and treasury indicators (as outlined in the presented agenda report) be approved; and
2. That the Annual Treasury Management report for 2019/20 be noted.

A.17/20 **AUDIT COMMITTEE WORKPLAN**

In consideration of its latest Workplan, the Committee made the following points:

- (a) A Member requested that a future report be presented to the Committee at an appropriate time on the risks associated with the Leisure Contract; and
- (b) With regard to the annual Commercial Property Monitoring Report that was to be presented to the Committee meeting on 11 March 2021, it was recognised that this would be prior to the results of the valuation exercise being known. As a result, the Section 151 Officer agreed to produce a further report once the valuation exercise had been completed.

(Meeting commenced at 2.00 pm and concluded at 3.30 pm)

Chairman