

At a Meeting of the **AUDIT & GOVERNANCE COMMITTEE** held in the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **25th** day of **July 2023** at **11.00am**

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

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

Also in attendance: Cllrs C Edmonds (Hub Lead Hub Committee Member), A Johnson and Cllr M Renders (Deputy Leader)

***AC 1 APOLOGIES**

Apologies were received from Cllr K Ball.

***AC 2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

***AC 3 ITEMS REQUIRING URGENT ATTENTION**

There were no items requiring urgent attention.

***AC 4 CONFIRMATION OF MINUTES**

The Minutes of the Committee Meeting held on 14 March 2023 were confirmed by the Committee as a true and correct record.

The Section 151 Officer updated the Committee Members on a letter that had been received from the Minister for Local Government on how to deal with the backlog of outstanding audits. 27% of councils had their previous years accounts signed off and West Devon Borough Council was one of them. Audit firms not only had a backlog of audits to clear, but there was also an issue with recruitment of auditors nationally. Grant Thornton had confirmed that they would be unable to conduct the audit for the 2022/23 accounts, even though they had been prepared, until January 2024. This was because they had to clear the backlog of audit work at other Councils. There is flexibility with audit firms to issue an audit opinion whereby they could say they were issuing an unqualified statement except in areas of concern. This could mean the backlog is cleared quicker and Grant Thornton could start early on the accounts earlier than January 2024.

Officers proceeded to inform the Committee that there could be a more proportionate audit on fixed assets and pensions.

***AC 5**

DRAFT STATEMENT OF ACCOUNTS AND DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23

The Lead Hub Committee Member introduced the report to the Committee. The Council had £8.9million in Earmarked Reserves and £1.7million in Unearmarked Reserves as of March 2023. The pension liability stood at £5.5 million, a significant reduction from the previous year's deficit of £24.2 million. The reduced liability was because of life expectancy projections and an increase in interest rates affecting the discount rates for liabilities. The accounts would not be brought back to the Audit and Governance Committee until March 2024 due to the national delays in the auditing of local government accounts. The Member thanked the finance team for their commitment in completing the audit in a timely manner.

The Section 151 Officer stated that the Council had unspent on its budget by £79,000 (which amounted to 1%). The national pay award last year of a set amount of £1,925 on all pay grading points had resulted in additional salary costs of £230,000. Shared services methodology had resulted in £86,000 being due to be paid to West Devon Borough Council from South Hams District Council, mainly due to the waste contract being brought back inhouse at the District Council. There was a shortfall in planning income, down by 39% and a discussion would be had with the Assistant Director of Planning on an action plan being put in place to address the income shortfall.

There was an overspend on software support for IT, in part due to inflation. The officer also stated that car parking income had shown a shortfall, although figures for this year were suggesting an increase.

The Council had been successful in attracting £13.4 million from the government for a new railway and transport hub in Okehampton. This would be a large capital project that would be included in the accounts of the Council over the next couple of years.

Answering Member questions, the Section 151 Officer explained that the rise in waste collection costs was due to having to enter into a new waste contract with the waste contractors, as the previous contract had been a joint one with South Hams, who had last year brought their waste services back in house. In the new contract, the rise in fuel costs and salary costs were both reflected.

Regarding the shortfall in planning income, it was explained that the number of planning applications had increased, however there was a reduction in major planning applications, and these were the ones that generated the most planning income.

The shortfall in car parking income was raised as an issue and the Section 151 Officer confirmed that a comprehensive review with traders, visitors and Members was to be carried out. The impact of the proposed introduction of on-street parking meters by Devon County Council would also be looked at during the review and Members asked that the Hub Committee take the issues raised into account.

The Section 151 Officer confirmed that a sensitivity analysis was part of the budget setting process when the Members set the budget in February 2023. It was intended that a new Medium Term Financial Strategy would be presented to the Hub Committee in September, where an updated sensitivity analysis would be included.

Regarding the leisure centres, it was confirmed that Meadowlands membership was now 3.3% higher than for figures in March 2020, with Parklands still being lower than pre-covid levels with levels down by 18% on those seen in March 2020. With regard to these figures, the Council was working in partnership with Fusion in an attempt to grow their income stream.

It was then **RESOLVED** that the Draft Statement of Accounts and the Draft Annual Governance Statement (AGS) for the financial year ended 31 March 2023 be noted.

***AC 6 REVIEW OF INTERNAL AUDIT PLAN FOR 2023-24**

The Lead Hub Committee Member introduced the report to Members. In answer to a Member question, the Audit Manager outlined that the auditors did not get involved in conversions with the leisure centres but did review how the Council managed associated risks.

It was then **RESOLVED** that the Committee reconfirm the proposed internal audit plan for 2023-24 (as set out at Appendix A of the published agenda papers).

***AC 7 ANNUAL INTERNAL AUDIT REPORT FOR 2022-23**

The Lead Hub Committee Member introduced the report to the Committee. Following which, the Head of Devon Audit Partnership wanted to put on record his thanks to the Section 151 Officer and her team for delivering the work and producing the report. The Director of Strategy and Governance confirmed that corporate focus was placed on areas that were concluded to have 'limited assurance' as a priority area and these were reported back to the Committee.

The Lead Member reiterated the fact that, during the covid period, staff across the organisation were redeployed to process covid business grants, and other areas involved in dealing with the pandemic giving added pressure to the workforce. He asked that this was considered when looking at the delay in progressing some of the recommendations.

It was then **RESOLVED** that the Committee note the Internal Audit Report for 2022-23 and consider it when reviewing the Annual Governance Statement.

***AC 8 STRATEGIC RISK UPDATE – JUNE 2023**

The Lead Member for the Hub Committee introduced the report to Members.

Having been requested, the lead officer confirmed that more detail on mitigating actions would be included in future strategic risk reports.

It was then **RESOLVED** that the Committee:

1. has considered the current strategic risk register; and
2. notes the intention for the strategic risk profile of the Council, and our adopted Risk and Opportunity Management framework to be updated alongside the development of the new Corporate Strategy.

***AC 9 INDEPENDENT MEMBER(S) OF THE AUDIT AND GOVERNANCE COMMITTEE**

In introducing the report, the lead Hub Committee Member confirmed that the independent Members who were to sit on the Committee would not have voting rights. A remuneration amount would have to be agreed amongst Devon local authorities and, in consultation with, the Council's Independent Remuneration Panel.

It was confirmed that the S151 Officer would work with the Devon Audit Partnership to appoint two independent members to the Audit and Governance Committee.

It was then **RESOLVED** that:

1. The Section 151 Officer be asked to work with the Devon Audit Partnership in progressing the appointment of up to two Independent Members to the Audit and Governance Committee as soon as is reasonably practicable during 2023/24;
2. Consideration be given to joint appointments of independent persons to more than one Devon Local Authority Audit Committee (through a joint exercise with neighbouring Local Authorities in Devon, co-ordinated through the Devon Audit Partnership);
3. Devon Local Authority partners consider setting a consistent remuneration value, to avoid competing with one another in what may be a limited pool of candidates.
4. It be noted that Independent Members would not have voting rights on the Audit and Governance Committee.
5. The S151 Officer present a report to Full Council following the conclusion of the recruitment exercise, to formally appoint the successful co-opted Independent Members to the Audit and Governance Committee.

***AC 10**

PROPOSED AUDIT COMMITTEE WORKPLAN 2023/24

The Committee was informed that a report on tracking the recommendations generated by internal audit would be added as an item to the workplan for the Audit and Governance Committee meeting to be held on 5 December. In addition, a further report on the risk around staffing resources would be brought to that Committee meeting for its consideration.

(The Meeting terminated at 12.35 pm)

Chairman