

At a Meeting of the **AUDIT COMMITTEE** held in the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **10th** day of **October 2023** at **11.00 am**

**Present:** Cllr K Ball  
Cllr G Dexter (Chairman)  
Cllr R Oxborough  
Cllr D Sellis

**Officers in attendance:** Section 151 Officer  
Deputy Section 151 Officer  
External Auditor  
Head of Devon Audit Partnership  
Head of Environmental Health and Licensing  
Assistant Director of Strategy & Governance  
Senior Democratic Services Officer  
Principal Accountants (via MS Teams)

**Also in attendance:**

Cllrs C Edmonds, M Ewings, M Renders, N Viney, L Watts (via MS Teams) and C West

**\*AC 11 APOLOGIES FOR ABSENCE**

There were apologies forwarded to the meeting from Cllrs R Cheadle and A Cunningham

**\*AC 12 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**\*AC 13 ITEMS REQUIRING URGENT ATTENTION**

There were no items requiring urgent attention.

**\*AC 14 CONFIRMATION OF MINUTES**

The Minutes of the Committee Meeting held on 25 July 2023 were confirmed by the Committee as a true and correct record.

**\*AC 15 GRANT THORNTON (EXTERNAL AUDIT) REPORT**

The External Auditor introduced the report to Members. In so doing, he outlined the financial statements audit and value for money arrangements. The draft Statement of Accounts for 2022/23 had been published on the Council's website at the end of June 2023. The external audit would now begin in November 2023 rather than in January 2024 as originally envisaged. The detailed audit plan would be presented at the December Audit Committee, with the audit findings report being considered by the Audit Committee in March 2024.

The Committee was informed that national proposals to limit the audit delays, included the backstop arrangement whereby set dates would be

in the calendar whereby if an auditor had not completed the audit they would stop and move onto the next financial year, and this would lead to a qualified set of accounts. For clarity, it was confirmed that this did not affect the 2022/23 audit and the proposed backstop arrangements would not be implemented or be relevant to the Borough Council as there was no backlog of previous year audits.

The national audit office code of audit practice dictated the work that the auditors were required to carry out. There was a proposal to change the level of time spent auditing pensions and land and building valuations. This was on operational buildings and not on investment property valuations.

In response to a Member question, the Deputy Section 151 Officer confirmed that by changing the audit timing date from January to November would help with the budget setting process for 2024/25. She also stated that the new external auditors would be implementing their interim audit in February for 2023/24 and so it was in everyone's interest to have the 2022/23 audit completed by January 2024.

It was then **RESOLVED** that the Grant Thornton (External Audit) be noted.

**\*AC 16      UPDATE ON THE 2023-24 INTERNAL AUDIT PLAN, AND CHARTER AND STRATEGY**

The Lead Hub Committee Member introduced the 2023/24 Internal Audit Plan and Charter and Strategy to Members.

The Head of Devon Audit Partnership stated that a reasonable assurance opinion was expected on the internal audit. Regarding the insurance audit, it was felt that there was room for a more systematic approach to review claims being made. Also, the cost of insurance against claim payouts. He voiced concerns regarding some food safety checks that had not been carried out as part of the recovery plan from the COVID pandemic. It was noted that project management had good methodology however there was less assurance on the smaller projects. A central register for all projects going forward would be useful to ensure reasonable project management processes were followed. The travel and subsistence audit in conjunction with a review carried out by Human Resources on the travel and subsistence procedures found that there was a need to improve line management in the signing off of claims made.

In response to a Member question about whether there was anything he felt should be put added to the strategic risk register, the Head of Devon Audit Partnership said there was concern over the food safety checks. There had been talks with the Food Safety Agency regarding the plan, along with plans to recruit more staff to carry out the checks. Secondly, he raised specific concerns over the maintenance of buildings.

A further question was raised over improving the accuracy of the register of food businesses. In reply, the Head of Environmental Health & Licensing stated that, during the pandemic, there had been a huge influx

of food businesses that closed and also ones that started up. A new IT software package had now been implemented and, going forward, records would be checked against premises to see which were still operational and a visit would be made to them. The officer also stated that food businesses did not have a duty to tell the local authority when they closed and the Food Standards Agency had drawn up a plan in the pandemic asking local authorities to focus on high-risk establishments.

The number of inspections had to be reduced during the pandemic as officers were focused on those high-risk establishments as well as focussing on other health issues during the pandemic. The lead officer for food safety would be providing a report on activity over the past 12 months and was ensuring that a plan was in place moving forward on food safety checks with adequately resourced staff. Once the report was completed, the Head of Environmental Health & Licensing would share the report with Members.

At the last meeting, it was agreed that two Independent Members would sit on the Audit and Governance Committee. The Section 151 Officer stated that the job description and role profile had been drawn up and was being progressed by the Devon Audit Partnership. The remuneration for those two Members would be set at 0.5 x the Basic Allowance.

It was then **RESOLVED** that:

1. the progress made against the 2023/24 internal audit plan, and any key issues be approved and noted; and
2. the Internal Audit Charter and Strategy be approved.

**\*AC 17 INTERNAL AUDIT RECOMMENDATIONS TRACKER**

The Lead Hub Committee Member introduced the report to the Committee. He commented that the impact of the pandemic and processing of the covid business grants on staff resources had delayed the completion of a number of the recommendations. This was being monitored by the Council's Performance Board and a narrative was being included against each risk recommendation in progress or not yet started, which included a target completion date.

It was then **RESOLVED** that the progress against implementation of Internal Audit Recommendations as set out in the published agenda report be noted.

**\*AC 18 ANNUAL TREASURY MANAGEMENT REPORT 2022/23**

The Lead Hub Committee Member presented the Annual Treasury Management report for 2022/23.

Following his introduction, the Section 151 Officer explained that the Council's treasury management advisors provided advice on the length of investments depending on the market intelligence and credit ratings. It was confirmed that the current counterparty limit was set at £3 million.

During the pandemic, investments were kept short term, now some investments were being made in longer 12-month deals, with some being made at a 5% interest rate. The Committee was advised that the current strategy was for the Council to only invest in UK banks and building societies. The Head of Devon Audit Partnership stated that the internal audit work on treasury management was almost completed and it was looking very positive.

The S151 Officer informed that guidance stated that, over the longer term, borrowing levels should be below the capital financing requirement. The authority's debt level was slightly higher. This was due to borrowing for proposed housing capital projects taken out a few years ago. Borrowing was taken out on a 1.71% interest rate for those projects. There were currently a couple of housing projects in the Borough where this borrowing would probably be required.

A Member asked if the Council would consider using the justice system to use payback within the community to help with costs. The Chairman commented that, in some places, there were risk and opportunities registers. The Lead Member suggested that this could be looked at through the Hub Advisory Groups. The Head of Devon Audit Partnership said he had seen communication being released from other authorities on community and environmental grants, whereby people applied and completed community outreach projects. He said opportunities were looked at and managed as part of the audit.

The Committee formerly thanked the finance team for their hard work.

It was then **RESOLVED** that:

1. the actual 2022/23 prudential and treasury indicators (as set out in the published agenda report) be approved; and
2. the Annual Treasury Management report for 2022/23 be noted.

#### \*AC 19

#### **SUNDRY DEBT**

The Lead Hub Committee Member introduced the report that provided an update on the Council's Sundry Debt position. In so doing, he outlined three debts totalling £44,000 being included in the total sundry debt figure of £142,000. A £10,000 debt of an overpayment of a covid grant was being picked up by the Department of Business and Trade who would take responsibility for the recovery of that debt. Members noted that Aged Debt (those Debts over 120 days) amounted to £126,000 and no write-offs had been recorded over the period of this report.

At this point, it was **PROPOSED, SECONDED** and, when put to the vote declared **CARRIED** that the public and press be excluded from the meeting to enable for the Committee to discuss items of a confidential and sensitive nature.

Once all Members confirmed that they had no further questions or issues to raise that related to items of a confidential and sensitive nature, it was then **PROPOSED, SECONDED** and when put to the vote declared **CARRIED** that the public and press be re-admitted to the meeting.

It was then **RESOLVED** that the position in relation to Sundry Debt be noted.

**\*AC 20 COMMITTEE WORKPLAN AND DATES OF FUTURE MEETINGS**

It was confirmed that a meeting between the Audit Committee and Internal and External Auditors would take place before the next Committee meeting on 5 December.

**\*AC 21 INVESTMENT PROPERTY – UPDATE AND MONITORING REPORT**

The Lead Hub Committee Member introduced the report and stated that the purchase of four investment properties in 2018-19, at a cost of £21.5 million had brought into the Council a gross rental income of £1.2 million.

It was the view of the lead Member that the portfolio continued to perform well with an average net portfolio income of 1.4% which was above the minimum target of 1% set out in the adopted Regeneration and Investment Strategy. Any future property investments would be restricted to within the borough area due to the change in the Public Works Loan Board guidance and any opportunities would be restricted with the current level in interest rates.

In response to a Member question, the Head of Assets stated that she was not aware of any of the investment properties having Reinforced Autoclaved Aerated Concrete (RAAC). A desktop evaluation had taken place and a handful of properties had been outlined for further non-intrusive investigation. The S151 Officer stated that 10% of rental income was set aside for any remedial work needed on the investment properties. By 2028, there would be adequate funds in reserves for repairs on properties where the tenancies were due to end. A review on future reserves contributions could be made through the Council's Regeneration and Investment Committee or through the annual budget setting process. It was agreed after discussion that the issues around the percentage of reserves contributions should be considered via the budget setting process.

Members wished to consider matters related to exempt Appendices 1 and 2 and it was therefore **PROPOSED, SECONDED** and, when put to the vote, declared **CARRIED** that the public and press be excluded from the meeting.

Once all Members confirmed that they had no further questions or issues to raise that related to Appendices 1 and 2, it was then **PROPOSED, SECONDED** and when put to the vote declared **CARRIED** that the public and press be re-admitted to the meeting.

It was then **RESOLVED** that:

1. the performance and risks of the investment property portfolio to date be noted; and

2. as part of the 2024/25 budget setting process, consideration be given to the amount that was needed to be held in reserves for repairs and maintenance on the Council's investment property portfolio. In particular, consideration should be given as to whether the current 10% of rental income contribution should be increased.

(The Meeting terminated at 13.15)

Dated this

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Chairman