

At a Meeting of the **AUDIT COMMITTEE** held in the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **5th** day of **December 2023** at **11.30 am**

Present:
Cllr G Dexter (Chairman)
Cllr R Oxborough (Vice Chairman)
Cllr A Cunningham
Cllr L Watts

Officers in attendance: Section 151 Officer
Deputy Section 151 Officer
External Auditor
Head of Devon Audit Partnership
Fraud Officer, Devon County Council
Director of Strategy and Governance (Via MS Teams)
Head of Revenues and Benefits
Assistant Director of Strategy & Governance
Senior Democratic Services Officer

Also in attendance:
Cllr C Edmonds

- *AC 21 APOLOGIES FOR ABSENCE**
There were apologies forwarded to the meeting from Cllrs K Ball, R Cheadle and D Sellis.
- *AC 22 DECLARATIONS OF INTEREST**
There were no declarations of interest forwarded to this meeting.
- *AC 23 ITEMS REQUIRING URGENT ATTENTION**
There were no items requiring urgent attention.
- *AC 24 CONFIRMATION OF MINUTES**
The Minutes of the Committee Meeting held on 10 October 2023 were confirmed by the Committee as a true and correct record.
- *AC 25 GRANT THORNTON INTERIM AUDITOR'S ANNUAL REPORT – COMBINED REPORTING FOR 2021-22 AND 2022-23**
The External Auditor took Members through the report. He pointed out there were no significant weaknesses in arrangements. The financial sustainability of the Council continued to perform well with a stable track record of budget management. Prudent plans within the Medium Term Financial Strategy (MTFS) were shown based on assumptions at the time they were made.

One improvement recommendation was raised on the financial sustainability on the capital plan and this was to continuously review the Capital Programme, which the Council had already recently undertaken. Other identified areas of recommendation were enhancing stakeholder engagement and procurement. Work was in progress with regard to procurement and the Section 151 Officer confirmed that an advert had been published for a Procurement Support Officer which, when recruited to, would bolster the workforce. The Committee noted that the Procurement Act was due to come into force in October 2024.

In response to a question on reserve levels, the External Auditor stated that the Section 151 Officer, when setting the budget, would check that these were appropriate. It was also clarified that the General Fund was a provision for unexpected events and it was felt that Council reserves were currently at an appropriate level.

It was then **RESOLVED** that the Grant Thornton Interim Auditor's Annual Report be noted.

***AC 26 GRANT THORNTON – EXTERNAL AUDIT PLAN FOR 2022/23**

The External Auditor introduced the Plan to the Committee and, in so doing, informed that management override of controls was seen as a risk. However, there was no evidence that this was occurring but, as for all local authority audits, tests had to be in place.

It was noted that property owned by the Council had to be valued on an annual basis, as was the pension fund liability. In reply to a question, it was confirmed that the materiality level was set at £500,000.

The Council had introduced a new payroll system and the audit had addressed the element of risk. Finally, IT general controls were discussed with data access and control issues having been audited.

It was then **RESOLVED** that the Grant Thornton External Plan for 2022/23 be noted.

***AC 27 DRAFT (UNAUDITED) SUMMARY OF ACCOUNTS 2022/23**

The Hub Lead Member introduced the draft Summary of Accounts for 2022/23 to the Committee.

The Committee wished to record its thanks to the finance team and, with no further questions or issues being raised, it was then **RESOLVED** that the Draft (unaudited) Summary of Accounts 2022/23 be noted.

***AC 28 PROGRESS ON THE 2023-24 INTERNAL AUDIT PLAN**

The Hub Lead Member introduced the progress update on the 2023/24 Internal Audit Plan to Members. In so doing, it was highlighted that the areas of: energy bill support scheme; treasury management; main accounting; electoral registration; and the UK Shared Prosperity Fund had all received a '*substantial assurance*' audit opinion. The lead Member also informed that progress was on track to deliver the 2023/24 Internal Audit Plan on time.

At the invitation of the meeting, the Counter Fraud Officer gave an update on the single person discount review. Once the results of the review were known, the officer would liaise with the S151 Officer, before a report was then presented to the Audit and Governance Committee.

Finally, when questioned, the S151 Officer stated that the authorisation limits given to individuals on creditor transactions were currently being reviewed.

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

***AC 29 TREASURY MANAGEMENT MID-YEAR REVIEW**

The Hub Lead Member introduced the report to Members. He stated that the Councils' investment interest budget in 2023/24 was £400,000, however as interest rates levels had increased since setting the budget, there was an expected budget surplus of almost £630,000. The S151 Officer stated that close monitoring would be carried out on the long-term forecast on interest rates for future years before projections were then built into the budget. The Committee recognised that budget setting continued to be a challenge because Central Government had only provided a one year financial settlement.

The report demonstrated and clarified that the current treasury management activity was within the Council's adopted Treasury Management Strategy.

It was then **RESOLVED** that the Treasury Management Mid-Year Review be endorsed.

AC 30 STRATEGIC RISK UPDATE AND FRAMEWORK

The Hub Lead Member presented the Strategic Risk Update and Framework to Members.

In debate, Members noted that an officer level performance board met on a monthly basis to consider both operational management and organisational performance.

Having been informed that cyber security had been recently added to the Risk Register, it was agreed to arrange a briefing for the Committee in regard to measures that were being put into place with regard to the prevention of cyber crime.

It was then **RESOLVED** that:

1. the updated Risk and Opportunity Management Strategy (Appendix A of the presented agenda report refers) has been considered;
2. Council be **RECOMMENDED** to adopt the updated Risk and Opportunity Management Strategy (as set out at Appendix A of the presented agenda report); and
3. the updated Strategic Risk Register (Appendix B of the presented agenda report refers) has been considered.

***AC 31**

ANTI-FRAUD, BRIBERY AND CORRUPTION (POLICY AND RESPONSE PLAN), COUNTER FRAUD RESILIENCE AND ASSESSMENT REPORT AND WHISTLEBLOWING POLICY

The Hub Lead Member presented the report to the Committee and stated that fraud accounted for 40% of all crime. The Counter Fraud Officer stated that cybercrime was at an epidemic level, however it was very under reported. Once the paper had been agreed, its contents would be shared with staff. Finally, it was agreed that a Member training session on Fraud Awareness would be scheduled in the New Year.

It was then **RESOLVED** that approval be given to:

1. the Anti-Fraud, Bribery and Corruption Policy (as set out at Appendix A of the presented agenda papers);
2. the Anti-Fraud, Bribery and Corruption Strategy / Response Plan (as set out at Appendix B of the presented agenda papers);
3. the Counter Fraud Resilience and Assessment Report (as set out at Appendix C of the presented agenda papers); and
4. the Whistleblowing Policy (as set out at Appendix D of the presented agenda papers).

***AC 32**

HOUSING BENEFIT OVERPAYMENTS

The Lead Hub Member took Members through the report and stated that the service was operating in line with regional and national performance. The Head of Revenues and Benefits informed that an advert was in the public domain to recruit a Training and Quality Assurance Officer to ensure that officers were appropriately trained in the complex legislation and in assessing claims accurately.

It was stated that more cases of Housing Benefit Overpayment were through compliance issues rather than fraud, for instance a claimant forgetting to give an update on their personal circumstances. Working with the Devon Audit Partnership Fraud Officer meant that the authority could take on more investigation and prosecution.

Whilst the authority administered housing benefit, the Department for Work and Pensions (DWP) had taken back responsibility for the prosecution of housing benefit fraud in 2015. It was also noted that the auditors tested within DWP guidance.

It was then **RESOLVED** that the report be noted.

***AC 33**

LOCAL GOVERNMENT OMBUDSMAN -ANNUAL REVIEW LETTER

The Lead Hub Member introduced the report to Members. The report informed that 8 complaints had been received with just 1 complaint being upheld. The further 7 complaints had been closed without further investigation after initial inquiries had been carried out. As only 1 case had been investigated (and upheld) the report stated that the Council had 100% of complaints upheld. This was felt to be unfair and not representative of the true position – Members felt that it should be one out of eight complaints (and therefore 12.5%).

The Council had responded with a request that the measure be reconsidered to give a fairer reflection of its performance. The lead officer clarified that the majority of the complaints received were from residents regarding a planning decision.

It was then **RESOLVED** that the Local Government Ombudsman – Annual Review Letter be noted.

***AC 34**

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

There were no comments or debate on the latest version of the Committee Workplan for 2023/24.

(The Meeting terminated at 12.45pm)

Dated this

Chairman