

**MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER, FOLLATON HOUSE, PLYMOUTH ROAD,
TOTNES ON THURSDAY, 14 DECEMBER 2023**

Members in attendance			
* Denotes attendance			
Ø Denotes apology for absence			
*	Cllr L Bonham (Chairman)	*	Cllr C Oram
*	Cllr S Dennis	*	Cllr A Presswell
*	Cllr D Hancock	*	Cllr S Rake
*	Cllr A Nix (Vice-Chairman)	*	Cllr G Yardy

Member(s) also in attendance:
Cllrs Birch and Hopwood

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Section 151 Officer; Director – Strategy & Governance; Assistance Director of Strategy and Organisational Development; Head of Finance; Senior Democratic Services Officer; Internal Audit Manager; Grant Thornton – Key Audit Manager

AG.25/23 MINUTES

The minutes of the Audit and Governance Committee meeting held on 28 September 2023 were confirmed as a true and correct record.

AG.26/23 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 there were none made.

AG.27/23 GRANT THORNTON INTERIM AUDITOR'S ANNUAL REPORT – COMBINED REPORTING FOR 2021-22 AND 2022-23

Consideration was given to the Audit Report for 2021-22 and 2022-23. The report was presented by Grant Thornton.

In discussion, particular reference was made to:

- (a) SHDC compared to similar councils was in a very good position with no significant weaknesses identified and minimal improvement recommendations. The Engagement Lead for Grant Thornton, stated that for his audit clients, South Hams benchmarked very well with appropriate arrangements in place in each of the three areas.
- (b) Stakeholder engagement and it was reported that the community development team would be out listening to residents and undertaking a series of engagement sessions on town plans.
- (c) The high costs for waste predominantly related to the rural nature

of the district. SHDC recently moved to the Devon Aligned Service which would reduce future waste costs. Also SHDC receives just under £500k Rural Services Delivery Grant per annum.

It was then:

RESOLVED

The Committee noted the Interim Auditor's Report – combined reporting for 2021-22 and 2022-23 and for Officers to ensure the amber risks are mitigated, monitored and reviewed.

AG.28/23 GRANT THORNTON – EXTERNAL AUDIT PLAN FOR 2022/23

The Committee considered a report from Grant Thornton which sought to provide Members of the principal activities and findings of the External Audit Plan for 2022/23.

In discussion, particular reference was made to areas of risks identified and it was reported that procurement and stakeholder engagement wouldn't be highlighted as a risk however internal audit would follow up on those recommendations.

RESOLVED

The External Audit Plan for 2022/23 be noted.

AG.29/23 UPDATE ON THE 2023-24 INTERNAL AUDIT PLAN, AND CHARTER AND STRATEGY

Members considered a report that sets out to inform Members of the principal activities and findings of the Council's Internal Audit team and to obtain approval for the Audit Charter and Strategy.

In discussion, particular reference was made to:

- (a) The Procurement Strategy was currently being developed and would reflect social values.
- (b) An audit would take place in Jan/Feb 2024 to look at the planning process and S106 to ensure that no significant decisions were being made by a single officer under delegated authority.

It was then:

RESOLVED

That the Audit Committee:

1. Note and approve the progress made against the 2023/24 internal audit plan, and any key issues arising; and
2. Approve the Internal Audit Charter and Strategy.

AG.30/23 SUMMARY ACCOUNTS 2022/2023 (DRAFT, UNAUDITED)

Members considered the report which provides Members with a

summarised version of the draft (unaudited) accounts, including the main statements and key points from 2022/23.

In discussion, Members welcomed the report and debated how the report should be laid out and presented and felt that the following changes be made:

- change to pound millions.
- include decimals instead of commas.
- shorten the numbers.
- move the columns – 2021/22 aligned to 2022/23 column.

It was also raised that this should be a live document and open to feedback from residents. The report to include a small paragraph on how the document should be read. It was reported that in January, a statutory consultation would be undertaken with businesses and suggested that Members also share this with their Parish Councils.

RESOLVED

That the Audit Committee:

1. That the Summary Accounts (Draft, Unaudited) for the financial year ended 31 March 2023 are noted; and
2. That the Committee RECOMMEND to Council to note the production of Summary Accounts (Draft, Unaudited) for 2022/23. These Summary Accounts have been prepared at the request of the Audit and Governance Committee for the ease of public consumption and to further the transparency and readability of the Council's financial position.

AG.31/23 TREASURY MANAGEMENT MID-YEAR REVIEW

Members considered a report that set out the Council's Treasury Management mid-year review.

In discussion, particular reference was made to:

- (a) It was highlighted in para 5.5 a figure of £800k will be exceeded by £1.75m and elsewhere it says £775,000. It was reported that this need to be corrected and the budget is £800,000 to be exceeded by £775,000.
- (b) Investments and making more than 4.73% return would depend on the project and whether Members wanted to see a financial return or other benefits to undertaking that project. A limit of £60m had been in place for many years and Members may wish to review this figure.
- (c) Borrowing currently above liability benchmark.
- (d) PWLB have tighten the rules and a Council can only borrow for capital purposes and within the 4 categories stated. A Council is not permitted to borrow purely for yield and there is a process to go through to borrow from the PWLB. If we wanted to pay off borrowing early, then we would be subject to early redemption penalties and as such it isn't cost effective.
- (e) Generally, the strategy for short term investment was for 12 months and invested with banks and building societies within the

UK.

- (f) If the Council wanted to continue with ESG ratings there was an additional cost for this service. The Treasury Management Investments were currently out to tender and Members have suggested that we ask suppliers as part of the tender process to provide a quote around ESG scoring.

It was then:

RESOLVED

That the contents of the report be endorsed.

AG.32/23

STRATEGIC RISK UPDATE AND FRAMEWORK

Consideration was given to a report that provided Members with an update of the position with regard to Strategic Risk Update and Framework.

In discussion, particular reference was made to:

- (a) Aims established for net zero delivery by 2030 with an overall aim by 2050 working with partners in Devon. Whilst in transition to a new set aims and objectives to be shared with Members in February/March 2024 which means they are ready to be added but not yet on the register – in a holding position.
- (b) Recruitment downgraded slightly and it was reported that this was an improving situation and now filling those vacancies, however some areas still challenging and therefore took the decision to downgrade.
- (c) The Performance Board reviewing risks and the decisions around which risks are escalated up to the strategic risk register and how the Committee can receive more information on these decisions.

It was then:

RESOLVED

That the Audit & Governance Committee:

1. Consider the updated Risk and Opportunity Management Strategy (Appendix A);
2. RECOMMEND to Council that the updated Risk and Opportunity Management Strategy be adopted; and
3. Consider the updated Strategic Risk Register (Appendix B)
4. The Committee to have access to the full list of risks that are considered by the Performance Board

AG.33/23

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

Consideration was given to the reports included within the agenda and it was highlighted that these were policies already in place and good practice to keep them updated. Fraud Awareness training would be provided to Members next year.

In discussion, the following points were raised:

- (a) An invite to the Fraud Awareness Training would also be extended to Town and Parish Councils.
- (b) Whistleblowing and no protection for people that speak up and whether there could be an independent guardian. It was reported that included within the policy, you can refer a matter to the Head of Devon Audit Partnership and that procedure was in place and to make this more explicit within the report and to ensure that the process was being fully investigated and followed.
- (c) Whether specific reference to Members could also be made within the Whistleblowing policy. The s151 Officer will update the policy for this.
- (d) These policies were static rather than learning documents and there was a need to formally map out the risks that council could face. This piece of work would be brought back to the Committee in March on a fraud risk assessment and how the council mitigates these risks.

It was then:

RESOLVED

That the Audit and Governance Committee approve the contents of the following documents attached:

1. Anti-Fraud, Bribery and Corruption Policy (Appendix A refers);
2. Anti-Fraud, Bribery and Corruption Strategy/Response Plan (Appendix B refers);
3. Counter Fraud Resilience and Assessment Report (Appendix C refers); and
4. Whistleblowing Policy (Appendix D refers)

AG.34/23 LOCAL GOVERNMENT OMBUDSMAN – ANNUAL REVIEW LETTER

The Lead Executive Member for Customer Service, Improvement, IT and Digital Services presented the report and highlighted the excellent complaints handling by the Council.

It was then:

RESOLVED

That the Ombudsman Annual Letter for 2022-23 (attached at Appendix A) has been reviewed.

AG.35/23 TOTNES MARKET – VERBAL UPDATE FROM DEPUTY CHIEF EXECUTIVE

It was reported that following concerns, changes had been made to personnel and the way payments were made at Totnes Market. The market would now be managed by the Localities Team and Environmental Health and Licensing Team have the statutory overview. The development of the market to be part of the new community

development team. This will ensure a more robust audit trail and will be in place by end of this financial year.

In discussion, Members welcomed this and questioned whether this would be applied to all markets across the district. It was reported that this was applicable to Totnes. A correction to the previous minutes AG.14/23 – Kingsbridge and Dartmouth to be included as part of the audit report. To remove Kingsbridge and Dartmouth from those minutes.

It was then:

RESOLVED

The verbal update was noted.

AG.36/23 **ST ANN'S CHAPEL AND HOUSING OFFER TASK AND FINISH GROUP: DRAFT TERMS OF REFERENCE**

Consideration was given to the Terms of Reference.

RESOLVED

The Committee agreed the Terms of Reference and confirmed the membership of the Task & Finish Group.

AG.37/23 **PROPOSED WORKPLAN FOR THE AUDIT AND GOVERNANCE COMMITTEE FOR THE 2023/24 MUNICIPAL YEAR**

Members were presented with the latest version of the Committee Work Programme and noted its contents.

In discussion, particular reference was made to:

The next meeting moved to 28 March 2024 at 2.30 pm to allow the external auditors finish the audit and to issue an audit opinion. This would be Grant Thornton's last year and Bishop Fleming the new auditors for next 5 years from 2024. Also on at that meeting:

- Capital, Treasury Management and Investment Strategies
- Budget Book
- Shared services methodology
- Report from St Ann's Chapel and Housing Offer Task and Finish
- Annual Standards Report from Monitoring Officer
- Internal audit tracker
- Fraud reports

A private meeting for Audit and Governance Committee Members and the Leader with Grant Thornton and the Devon Audit Partnership is being set up for 11 am on 28 March 2024. Members raised whether the new auditors should be invited to the meeting.

Sundry Debts is proposed to go to the Executive in June with the end of March position.

Following a recommendation from Executive Meeting on 30 November:
“That the Audit and Governance Committee be requested to review the merits of awarding Yealm Community Energy a grant in the order of £100,000 to further the Council’s strategic ambitions around climate change and biodiversity”.

Officers reported that Members have met with Yealm Community Energy, however Officers need to also meet with them to get some background work to understand the context of this potential grant and the first task and finish group will be set up and Terms of Reference to be circulated and agreed at the first meeting.

A meeting looking at the Format of the Annual Statement of Accounts will be taking place on 24 January on MS Teams. Invitation to be extended to the Members of Audit and Governance Committee.

It was then:

RESOLVED

That Cllrs Bonham, Presswell, Hancock, Dennis and Oram would sit on Yealm Community Energy Task and Finish Group.

(Meeting commenced at 9:30 am and concluded at 12.11 pm)

Chairman