

## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of the meeting of Audit and Governance Committee held at Council Chamber, Blackdown House on 27 November 2024**

#### **Attendance list at end of document**

The meeting started at 10.35 am and ended at 2.22 pm

#### **24 Minutes of the previous meeting**

The minutes of the Audit and Governance Committee held on 19 September 2024 were confirmed as a true record.

The Chair raised some matters arising from the minutes. In response, the Director for Finance outlined to the committee that regular meetings between SWAP and ELT on the rolling audit plan were being set up; and that a report would come before the committee in due course relating to the Risk Management Project.

#### **25 Declarations on interest**

None.

#### **26 Public speaking**

None.

#### **27 Matters of urgency**

There were none.

#### **28 Confidential/exempt item(s)**

There was one item dealt with in this way, recorded at Minute 41.

#### **29 Internal Audit Charter and Mandate**

Connor McLaughlin Nester from SWAP informed the Committee that the Global Institute of Internal Auditors had recently reviewed the Global Internal Audit Standards, which set out the requirements for internal audit practice. The new Standards take effect on 9 January 2025. The updated Global Internal Audit Standards requires chief audit executives to develop and maintain an Internal Audit Charter. The Internal Audit Charter must set out the internal audit function's:

- Purpose;
- Commitment to adhere to the Global Internal Audit Standards;
- Mandate, including the scope and types of services to be provided, and the organisation's responsibilities and expectations regarding management's support of the internal audit function; and
- Organisational position and reporting relationships.

The Internal Audit Charter and Mandate should be approved by the board that oversees the internal audit function. At East Devon District Council, this board was the Audit and Governance Committee. Ahead of the new Standards coming into effect, SWAP had

prepared a new Internal Audit Charter and Mandate for the Committee to consider and approve.

Discussion by the Committee included:

- Outlining the differences between this Audit Charter and Mandate and that of the previous year would be helpful as part of the planned training for the committee;
- Internal audit function was also audited every five years.

**RESOLVED:**

That the Internal Audit Charter and Mandate for 2024/25 be approved.

30 **Internal Audit Progress report**

The Internal Audit Activity Progress Report – November 2024 was presented.

Discussion included:

- Comparison of position with other local authorities;
- SWAP were comfortable that they could complete delivery in year as planned;
- Consider presenting information, if a low number of actions, in number format rather than as a percentage;
- Delivery had a degree of flexibility in order to manage any urgent requests for additional work;
- Looking for assurance that both the number of actions and those that had been outstanding for considerable time would be closely monitored by the ELT and that sufficient resource was available for those actions to be completed.

A number of actions related to the Housing Electrical Safety audit. The Chair proposed that the actions were regularly reported to the Housing Review Board until those actions were completed.

**RECOMMENDED** to the Housing Review Board that the SWAP actions identified for Electrical Safety are regularly monitored by the Board until completion.

**RESOLVED:**

That the progress made in delivery of the 2024/25 Internal Audit Plan as at the start of November and the findings reported be noted.

31 **DRAFT Disclaimers of opinion due to Backstop 2021-22 and 2022-23**

Jackson Murray from Grant Thornton discussed the Council's conclusion of the audits for 2021/22 and 2022/23 and the application of the local authority backstop.

On 5<sup>th</sup> September 2024 the government published draft Accounts and Audit (Amendment) Regulations 2024. These Regulations set a publication date for financial statements up to and including 2022/23 by 13 December 2024. The new National Audit Office Code which was expected to be approved by Parliament towards the end of October 2024, also requires that auditors should issue their audit report in time for the relevant authority to publish its accounts by the specified date in those Regulations. Where audit work was not concluded, this would result in either a qualification or disclaimer of opinion.

Grant Thornton stated it would not be possible for them to complete the council's audits for 2021/22 and 2022/23 by the statutory backstop date. They proposed to issue a disclaimer of their audit opinion for these years.

The Director for Finance confirmed that he had raised issues with Grant Thornton in regard to quality and assurance, as well as the PSAA on the fees levied for 2021/22.

**RESOLVED:**

That the draft Disclaimers of Opinion due to the backstop for 2021-22 and 2022-23 be noted.

**32 Statement of Accounts (Final) 2021/22 and 2022/23**

The Finance Manager presented the council's Statement of Accounts for 2021/22 and 2022/23 for approval. Members were asked to note the letters of representation to Grant Thornton in respect of the financial statements for 2021/22 and 2022/23.

The Chair praised the achievement on the increase in the reserves.

**RESOLVED:**

To adopt the 2021/22 and 2022/23 Statement of Accounts and delegated authority was given to the Chair of the Audit & Governance Committee and the Director of Finance (S151 Officer) to sign when all matters concluded. That the letters of representation be approved and signed by the Chair of the Audit & Governance Committee and the Director of Finance (S151 Officer).

**33 Interim Auditors Annual Value for Money report 2023/24**

Peter Barber from Grant Thornton presented the Interim Auditors Annual Value for Money report 2023/24. He reminded the committee of the types of recommendations that they provided to the authority, and the summary position.

The two key recommendations in the report were:

- The Council needs to review all assumptions and models used in developing the 2024/25 budget to ensure it has an accurate and robust base budget. The Council also needs to update and agree a sustainable HRA business plan as a matter of urgency and ensure that prudent levels of HRA reserves are maintained over the medium term by mitigating the impact of annual deficits on reserves. The plan should reflect the maintenance requirements of the housing stock condition survey, decarbonisation programme and other financial pressures;
- The Council should ensure that the annual draft accounts, together with associated working papers, are published in accordance with the national timescale. The Council should refresh the MTFP and HRA business plan once the 2023/24 opinion audit has been completed so that those decisions can be made based on externally validated outturn positions.

In response to comments from Members, the Director of Finance reminded the committee that the regular reporting, including on the level of maintenance spend, had been made at both Housing Review Board and at Cabinet through the outturn report. He assured the committee that the revised budget reported was still on target and closely monitored.

He also outlined the national shortage of qualified accountants and the challenges in completing the final accounts.

The committee discussed the benefits of an annual report for monitoring purposes, considering if a quarterly report circulated to the Committee would be a more robust approach.

**RESOLVED:**

1. That the Interim Auditors Annual Value for Money report 2023/24 be noted;
2. That a value for money quarterly update be circulated to the Committee from the next financial year 2025/26.

**34 Financial Monitoring report 2024/25 - Month 5 August**

The Finance Manager's report was presented to Cabinet on 2<sup>nd</sup> October 2024. The report was presented to the Audit & Governance Committee to inform the Committee of the financial position for month 5 August 2024 and to note any recommendations to Council.

**RESOLVED:**

That the Financial Monitoring month 5 (August) 2024 position and the recommendations to Cabinet on 2<sup>nd</sup> October 2024 be noted.

**35 Delivery Plan for Corporate Fraud, Corruption and Compliance Strategy**

The Assistant Director – Revenues, Benefits, Corporate Customer Services, Fraud & Compliance presented the Delivery Plan for Corporate Fraud, Corruption and Compliance Strategy. The report covered:

- the delivery plan which sits under the Fraud, Corruption and Compliance Strategy 2024-2028 that was approved at the Audit and Governance meeting in March 2024.
- the delivery plan would be reviewed and updated on an annual basis to take account of new or emerging risks along with legislative & technical changes.
- an interim update on the work being undertaken during 2024/25.

**RESOLVED:**

1. For the delivery plan as part of the Corporate Fraud and Compliance Strategy for 2024-2028 which will be reviewed and reported on annually be approved.
2. For delegated authority to be given to the Assistant Director responsible for Fraud and Compliance to update the delivery plan during the year to take account of changes in legislation, new and emerging fraud risks or auditors recommendations which will be done in consultation with the Director of Finance and Director of Governance.

**36 Self - assessment of good practice against CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022**

The Director of Finance report explained that recent training held for Audit and Governance Members considered CIPFA's (Chartered Institute of Public Finance and Accountancy) Position Statement on Audit Committees in Local Authorities and Police 2022.

This represented CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. The Statement sets out the purpose, model, core functions and expected membership of the audit committee. It was expected that all local government bodies should make their best efforts to adopt the principles, aiming for

effective audit committee arrangements. This would enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting, and internal audit. The guidance was supported by the Ministry of Housing, Communities and Local Government and the Home Office.

The Director of Finance confirmed that interviews for independent members for the Committee were due to take place in December.

The committee considered other improvements to make, including:

- an annual report to Council on their work to raise awareness;
- outlining work undertaken when presenting minutes to Council;
- using the Member Bulletin to provide updates

**RESOLVED:**

To endorse the draft Self-Assessment of good practice, include an annual report to Council on the work of the committee, and use opportunities through presenting minutes and the Member bulletin to promote the work of the committee.

**37 Partnership Policy report**

The Management Information Officer's report introduced a refreshed Partnership Policy that set out how the council would manage and track its' partnerships.

Consistency on the risk levels would be checked and updated in the policy as appropriate, in response to a query on using four levels of risk rather than three.

**RESOLVED:**

That the refreshed version of the Partnership Policy be considered and approved for adoption.

**38 Annual Government Statement 2023/24**

The Director of Finance presented the Annual Governance Statement (AGS) published as part of the Council's Annual Statement of Accounts and is reviewed and approved annually by the Audit and Governance Committee when approving the Accounts. It was then, on the same day, signed off by the Council's Leader and Chief Executive.

The latest statement has been included in the draft 2023/24 Accounts and published as draft subject to final approval in concluding the Accounts in January 2025 by this Committee. In reviewing best practice and picking up on a recommendation from the Peer Review it was considered that more emphasis should be placed on reviewing the AGS including tracking the progress of any actions contained in it.

The AGS statement outlined the process to produce the Statement and those individuals who had contributed and helped feed into the document to date. It was now coming to Committee for consideration. The final statement would be presented in the usual manner as part of the Accounts.

The committee discussed other areas that could be included in the Governance Statement, including reference to the contract with LED Leisure.

**RESOLVED:**

To endorse the Draft Annual Governance Statement, subject to the inclusion of reference to LED.

39 **Audit and Governance Forward Plan**

Audit and Governance Committee Forward Plan items to be considered at the next committee included:

- Risk Policy update
- Strata update on limited assurance and business continuity and backups
- 'Time for change' - External Auditor updates

The scheduled training would also take place prior to the meeting, with a new January date to be confirmed with the committee.

40 **Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

That under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out on the agenda, is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B).

41 **Internal Audit Review of Housing Procurement**

The SWAP report provided Members with the outcome of a requested Internal Audit review of the Remit Zero cylo boiler scheme, also known as Project Phoenix. Cabinet requested this review following a report presented to them in March 2024. The report outlines Internal Audit's findings following interviews with officers and review of available evidence. It also included the subsequent action plan agreed with the council's Executive Leadership Team.

**RECOMMENDED to Cabinet**

that the report be considered by Cabinet at a future meeting, under Part B conditions.

**RESOLVED:**

That the findings of this review and support of the delivery to the agreed action plan be noted.

**Attendance List**  
**Councillors present:**

I Barlow  
C Brown  
C Burhop (Chair)  
R Collins  
C Fitzgerald  
M Goodman  
Y Levine

**Councillors also present (for some or all the meeting)**

P Arnott

**Officers in attendance:**

Jo Avery, Management Information Officer

Peter Barber, GT

Simon Davey, Director of Finance

Lisa Fryer, SWAP

Tracy Hendren, Chief Executive

Libby Jarrett, Assistant Director Revenues, Benefits, Corporate Customer Access, Fraud & Compliance

Debbie Meakin, Democratic Services Officer

Jackson Murray, GT

Connor McLaughlin Nester, SWAP

Catrin Stark (virtual attendance)

John Symes, Finance Manager

Melanie Wellman, Director of Governance (Monitoring Officer)

**Councillor apologies:**

K Bloxham

O Davey

J Whibley

Chair .....

Date: .....