

## **Annual Council – 14 May 2025**

### **Annual Report of the Audit and Governance Committee 2024/2025:**

#### **Councillor Chris Burhop, Chair of Audit and Governance Committee**

### **Introduction and Foreword**

I'm pleased to present the annual report of the committee for the year to April 2024. This report has been an opportunity to review the performance of A&G over the past year and also to consider goals and objectives that we might set for the coming year.

The terms of reference of the committee as laid out in the Council's constitution state "The purpose of the Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process."

In my opinion the committee has functioned adequately in this regard whilst making strides to improve in some of the areas. I would like to thank all officers who have had (sometimes very significant) input to the work of the committee, in particular Simon Davey and John Symes, the Democratic Services team who facilitate the meetings including the online screening of meetings – yes, you can watch the machinations of the committee from the comfort of your own home in high definition – and of course to the members of the committee, including our new independent member, who have all contributed to the operation of the committee.

### **Peer Review Challenge 2024**

The Peer Review undertaken last year contained several recommendations for improvement that related to Audit and Governance such as;

- "Invest in an ongoing programme of councillor development and training and political awareness training for staff to ensure wider understanding of the roles and responsibilities of councillors and officers respectively."
- "The council should continue to use the resources available such as the South West Audit Committee Chairs Forum."
- "The council could benefit from taking the opportunity to review the work programme and effectiveness of the Audit and Governance Committee, informed by CIPFA guidance, indeed it is recommended good practice to do so. By reviewing its work programme against its terms of reference (and by ensuring that its terms of reference match CIPFA guidance as part of the constitution review) it can ensure its annual work programme covers the right bases."

I believe that during the past year we have taken on board the first 2 points raised here. Councillor training sessions for A&G committee members were introduced in September 2024, delivered by members of the finance team and also internal audit. In addition, I have been attending the SW Audit Committee Chairs Forum during the course of the year which has proven to be a useful source of information and peer group comparison.

To cover the third point the A&G committee will review the terms of reference in the constitution, comparing them to best practice, in the coming year.

## **Training**

Since September 2024 the A&G committee has undertaken 3 separate councillor training sessions which has covered a variety of topics relevant to the business of the committee. Feedback to these training events has been positive and it is intended that there will be more training in the coming year.

## **Independent Member of the A&G**

In January we appointed Mr Robert Wood to the committee as an independent member. It has long since been considered good practice for A&G committees to have an independent member on their team. I am very pleased that we have been able to put this in place in the past few months and I know that Rob will be a great asset to the committee.

## **External Audit**

The Committee welcomed Peter Barber from Grant Thornton, who took over the role of lead partner for Grant Thornton's external audit team for East Devon. I have been impressed with how GT have liaised regularly with both the committee and me personally.

This has been important in a year where we have had difficulty in completing our external audit. This comes off the back of a government change to legislation in October 2024 which aimed to deal with the huge backlog of incomplete audits and annual accounts over the past years. East Devon's own backlog, stretching back to 21/22, was not uncommon in the industry and nowhere near the worst in the sector. The result of the legislation introduced strict deadlines for the completion of accounts – sign off - whether audits were complete or not, of November 2024 for all accounts up to 2023 and February 2025 for the 2023/24 accounts. This meant that we signed off outstanding accounts to 2023 in November. It is fair to say that, whilst we did close the 2023/24 statutory accounts in time, the level of completion of the external audit was poor for a number of reasons. This resulted in an "unassured" report

containing a “disclaimer of opinion” from GT, meaning the external auditors had not been able to achieve the requisite level of assurance to confirm the accounts.

The learning points from this year’s audit have been reviewed with GT and our finance team and actions have been put in place to try and improve the audit performance in the coming year. However given the “disclaimed” report for the 2023/24 accounts and the subsequent uncertainty on the starting balances for the 2024/25 accounts, the best we can hope for with the 2024/25 accounts will be a “qualified assurance”. Nevertheless the team will strive to achieve the best they can for this year’s audit.

I would recommend that members consider the recommendations of the external audit report for 2023/24 which was completed in February 2025.

## **Internal Audit**

In my first year as Chair of the A&G I have been impressed with the continued diligence of our internal audit providers SWAP. As at March 2025 95% of planned audits had been completed, at draft stage or in progress. Some internal audit resource has been redirected from planned cyclical audits to more investigative, targeted reports. This is a wholly appropriate use of this significant resource and these reports have yielded important recommendations.

Internal Audit’s annual audit plan is referenced to the council’s own strategic risk register, ensuring that reports are focussed on the key priorities defined by the council. This plan is reviewed by the A&G committee twice a year to ensure that it remains relevant & targeted.

Each audit tends to reveal prioritised opportunities for improvement and it is vital that management continue to improve their review and prioritisation of these recommendations. As at the last report from IA there were 136 open management actions, 16 of which were priority 1.

## **Information Governance**

This year has seen the creation of the Information Governance Board, set up by Director Melanie Wellman, which oversees the work to develop and protect the information services in the Council. As chair of the A&G committee I have been attending the committee and can say that this has proven to be an extremely useful, regular review.

Cyber attacks have been in the news recently and it is fascinating to hear the ongoing work behind the scenes of Strata, our external IT providers, who continue battle the threats of cyber attacks 24/7. This does not make us invulnerable to harm

– witness the recent significant attacks on multiple retailers - but is nevertheless reassuring.

## **Recommendations**

I have mentioned this above in terms of internal audit but I really do believe that it is worth pressing the point. Here is not the place to list the myriad of recommendations that have been made in the year for improvements, from internal and external audits and even internal reports. What is patently obvious is that the existing resources of both the finance and wider management teams have struggled with implementation for a number of years. Each one of these recommendations represent opportunities for improvement. Each delay in implementation represents an opportunity missed. It is encouraging that the SMT are developing monitoring systems to collate all outstanding actions and it is hoped that the subsequent regular review and prioritisation of these actions will see the numbers and age of outstanding points start to come down.