

AUDIT COMMITTEE

28 February 2023

Present:

Councillors R Scott (Chair), M Hartnell, J Berry, F Biederman, R Peart and I Roome

Dr I Hipkin

Apologies:

Councillor D Barnes

* **61** **Minutes**

RESOLVED that the Minutes of the meeting held on 29 November 2022 be signed as a correct record

* **62** **Announcements**

The Chair welcomed Dr I Hipkin who was attending the meeting in his capacity as Co-opted member of the Council's Standards Committee to observe and monitor compliance with the Council's ethical governance framework.

* **63** **Items Requiring Urgent Attention**

There were no items requiring urgent attention.

* **64** **Audit Findings for Devon County Council**

The Committee received the Report of Grant Thornton on the Audit Findings for Devon County Council, which set out the findings arising from Grant Thornton's audit of the Council's financial statements.

The Report was provided to Members as an update on progress following that reported at the last Committee meeting. An audit opinion had been delayed due to awaiting new legislation, which had now come into force on 25 December 2022, updating CIPFA's Code of Practice concerning accounting for infrastructure assets.

Members were advised that based on current indicators the external auditors anticipated offering an unqualified audit opinion on the Council's statements.

Members noted the Report.

* **65** **Statement of Accounts**

The Committee reviewed and considered the Report of the Director of Finance and Public Value (DF/23/26), together with the amended pages and letters of representation to the Statements of Accounts for 2020/21 and 2021/22.

The Statements of Accounts for 2020/21 and 2021/22 were previously approved by the Committee on 24 February 2022 and 29 November 2022, respectively.

Following the updating of CIPFA's Code of Practice on Local Authority Accounting relating to the accounting for infrastructure, Grant Thornton had now issued audit opinions on both the Statements of Accounts for 2020/21 and 2021/22.

Members questioned whether there was any risk to the Council in granting 125-year leases to Academies, where the Council owned the freehold, and Officers undertook to make enquiries and respond to Members on this point.

It was **MOVED** by Councillor Biederman, **SECONDED** by Councillor Peart and

RESOLVED that:

- (a) the Authority's Statement of Accounts for 2020/21 be approved;
- (b) the Pension Fund Statement of Accounts for 2020/21 be approved;
- (c) the Authority's Statement of Accounts for 2021/22 be approved;
- (d) the Pension Fund Statement of Accounts for 2021/22; be approved; and
- (e) the letters of representation for Devon County Council and its Pension Fund for both 2020/21 and 2021/22 be approved.

* **66** **Internal Audit Update**

The Committee considered the Report of the Director of Finance and Public Value (DF/23/22) on the Internal Audit Update Report for 2022/23, which provided an update on the opinion of the Council's Internal Audit Service (Devon Audit Partnership) and described the progress against the internal audit plans for 2022/23 that were approved by this Committee in February 2022.

Overall, based on work performed during 2022/23 to date and experience from the previous year's audit, the Head of Internal Audit's Opinion was of

Reasonable Assurance on the adequacy and effectiveness of the internal control framework within the County Council.

As requested by Members at the last meeting, an Officer from ICT Change Management and Project Management was in attendance to report on their delayed responses to Audit. It was reported this was as a result of restructuring that had taken place within the team, which had involved a change in roles and responsibilities, together with a focus on delivery and pressure from limited resource. The Team were continually working on service improvements. The two draft reports had now been responded to and work was ongoing to achieve reasonable assurance.

Members' questions and discussions points included:

- As to the Limited Assurance for Debtors/Debt Recovery within Key Financial Systems, Officers reported that the current debt recovery system was not functioning as it should and a new system was to be put in place shortly to alleviate the problem. A lack of resource within ICT had caused difficulties, but the need to prioritise audit reporting was now acknowledged.
- As to the Limited Assurance for DCC Data Protection 22-23, Members questioned the level of risk to the Authority by not having a Deputy Data Protection Officer in place and requested an Officer response on this.

* **67** **Internal Audit and Plan 2023/24**

The Committee considered the Report of the Director of Finance and Public Value (DF/23/23) on the Internal Audit Draft Plan for 2023/24.

The plan outlined the programme of internal audit work for the financial year 2023/24, the key objectives of Internal Audit, the manner of delivery of the Internal Audit Service and the future reporting of progress to this Committee.

Questions and discussion points from Members and Officers included:

- The reduced funding in highway safety related issues which had been recognised by the service area as high risk and included within the plan.
- Officers assured Members of the close monitoring of savings and associated risks and working closely with Devon Audit Partnership colleagues to ensure robust processes were in place.
- Members requested an audit of the planning team processes involved in responding to district councils on planning applications.
- Members wished to have a full understanding of the budget process and wanted this built into the plan for next year.

It was **MOVED** by Councillor Hartnell, **SECONDED** by Councillor Berry and

RESOLVED that the adaptive plan for 2023/24 be endorsed.

* **68** **Counter Fraud Update**

The Committee noted the Counter Fraud Update Report of the Director of Finance and Public Value (DF/23/25), which set out the Counter Fraud work being undertaken on behalf of and by the Council which supported the Council's ongoing commitment as outlined in its Anti-Fraud Bribery and Corruption Policy/Strategy and Response Plan.

In particular, the Report highlighted the National Fraud Initiative (NFI), which was an exercise run and reported on by the Cabinet Office, which had resulted in estimated savings of £1.4 million; and also the exercise in relation to Council Tax, Single Person Discounts, with those Councils that had agreed to participate.

There was discussion around Blue Badge and Council Tax fraud and the benefit of raising awareness through communication, and to this end, Members proposed that the Counter Fraud team and the Council's Communication team come together to agree a public communication. Members would also be interested in hearing directly the views of the Blue Badge enforcement team.

* **69** **Risk Management Update**

The Committee considered the Report of the Director of Finance and Public Value (DF23/24) on the Risk Management Update 2022/23, which set out the risk position of the Council, updates on changes to risk management arrangements during 2022/23 and confirmed the role of the Committee as per the Council's Risk Management Policy.

The Power Bi Dashboard had been updated to allow enhanced visibility of risks and the new version should be available together with some training from the Spring of this year.

Members' comments and discussion with Officers included:

- It was felt that the risk score for Failure to Prepare or Control Robust Budget was understated.
- The Committee would like to see further cross-service risks, particularly in the Highways, Adults and Children's Services.
- The importance of investing in early intervention to help reduce future risks, particularly in Children's Services.
- That impact analysis was constantly under review, working alongside the Organisational Change team.

NOTES:

1. *Minutes should always be read in association with any Reports for a complete record.*
2. *If the meeting has been webcast, it will be available to view on the [webcasting site](#) for up to 12 months from the date of the meeting*

* **DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 2.15 pm and finished at 4.04 pm