

AUDIT COMMITTEE

23 November 2021

Present:-

Councillors R Scott (Chair), D Barnes, J Berry, F Biederman, R Peart and I Roome

Apologies:-

Councillors I Hall

* **17** **Minutes**

RESOLVED that the Minutes of the meeting held on 21st September 2021 be signed as a correct record.

* **18** **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

* **19** **Audit Findings Report for Devon County Council**

The Committee considered the Report of Grant Thornton via the Director of Finance on the Audit Findings for Devon County Council. It set out the findings arising from the audit of Devon County Council's financial statements for 2020/21 and described work done by the external auditors to address risks identified in the Audit Plan which was presented to this Committee in June 2021. The Report covered the financial accounts, with the Value for Money aspects due to be reported on at the next meeting of the Audit Committee.

Grant Thornton highlighted significant control weakness regarding the processes in place for all journals above £200,000. Member discussion centred around this, where the Committee was assured the control weakness did not leave the Local Authority at any substantial risk and that further conversation with the external auditors would follow to address their concerns. However the external auditors highlighted to Members that, overall, the accounts were of very high quality.

Members noted the Report.

* **20** **Audit Findings Report for Devon Pension Fund**

The Committee considered the Report of Grant Thornton via the Director of Finance on the Audit Findings for Devon Pension Fund. It set out the findings arising from the audit of the Pension Fund's financial statements for 2020/21 and described work done by the external auditors to address risks identified in

the Audit Plan which was presented to this Committee in June 2021. The Value for Money work had not yet been completed.

Grant Thornton highlighted a similar control issue to that for the financial statements of Devon County Council but advised Members that, owing to the nature of Pension Fund transactions, this was not a concern as the impact was contained.

Members noted the Report.

* **21** **Statement of Accounts and Annual Governance Statement 2020/21**

The Committee considered the Report of the Director of Finance (DF/21/14) on the Statement of Accounts and Annual Governance Statement 2020/21.

The Statement of Accounts and Annual Governance Statement had previously been brought to the September meeting of this Committee to adhere to the statutory deadline for approval by 30th September. However, the external auditors had not completed their work by this deadline.

The only changes highlighted in the Report were three reclassifications as requested by the external auditors. There had been no impact on the Authority's primary statements, revenue account, usable reserves or future financing of capital expenditure.

The Annual Governance Statement had already been approved at the September meeting of this Committee.

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

RESOLVED that

a) the Letters of Management Representation for the Devon Pension Fund and the County Council be approved;

b) the Authority's Statement of Accounts for 2020/21 be approved;

c) the Pension Fund Statement of Accounts for 2020/21 be approved; and

d) the preparation of both the Statement of Accounts for the Pension Fund and for the County Council be approved on a going concern basis.

* **22** **Internal Audit Update**

The Committee considered the Report of the Director of Finance (DF/21/10) which provided Members the mid-year opinion of the Council's Internal Audit Service (Devon Audit Partnership, DAP) and progress made since the last meeting. The opinion was provided to Members that the Council continued to

have an effective framework of control which provided reasonable assurance with regards to the effective, efficient and economic management of its objectives.

Highlights from the Report included the Reasonable Assurance given to Learn Devon which was an upgrade from their previous ranking of No Assurance owing to systemic issues regarding the procurement of contractor work; and that the majority of the reviews that had been finalised since the September meeting had been given Reasonable or Substantial Assurance levels.

Members noted the Report.

* **23** **Counter Fraud Update**

The Committee considered the Report of the Director of Finance (DF/21/09) which updated Members on the actions of Counter Fraud Services since the last meeting.

Highlights from the Report included the Council's continued involvement in the National Fraud Initiative (NFI), where 4,150 matches (29%) had been under review or fully reviewed, resulting in qualifiable savings of £19,568 (using Cabinet Office figures, where the cost of participation in the NFI was around £3,900).

Members noted the Report.

* **24** **Risk Management Update**

The Committee considered the Report of the Director of Finance (DF/21/08) which updated Members on changes to risk management arrangements during 2021/22 and set out the current risk position of the Council.

The current risk position was complemented with a presentation to Members of the Power BI Risk Database.

Members noted the Report.

* **25** **Exclusion of the Press and Public**

RESOLVED that the press and public be excluded from the meeting for the following items of business under Section 100(A)(4) of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Act namely, the financial or business affairs of a third party and of the County Council and in accordance with Section 36 of the Freedom of Information Act 2000, by virtue of the fact that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

26 Procurement Arrangements for External Audit 2023/24 to 2027/28

The Committee considered the Report of the Director of Finance (DF/21/15) regarding the Procurement Arrangements for External Audit for the period 2023/24 to 2027/28.

The Report outlined that the process for retendering for external audit in local authorities in England was underway for contracts due to start from 2023/24. Devon County Council had been part of the Public Sector Audit Appointments (PSAA) Ltd national framework for the previous period alongside 98% of other local authorities in England. Members were advised that, although there were improvements to be made to the procurement process and the availability of auditors on the market, the PSAA framework remained the most sensible option for the Council.

It was **MOVED** by Councillor Barnes, **SECONDED** by Councillor Roome, and

RESOLVED that

a) the County Council be recommended to approve the Authority and its Pension Fund remaining within the Public Sector Audit Appointments (PSAA) framework for the procurement of external audit services from 2023/24 to 2027/28; and

b) the County Council be requested to write to the Local Government Association (LGA) to express concern regarding the inadequacies of the audit market and the need for PSAA action to ensure improved audit performance nationally.

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 3.47 pm