

AUDIT COMMITTEE – DECISION NOTICE

7 June 2022

Present:-

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

* 36

Minutes

RESOLVED that the Minutes of the meeting held on 25 February 2021 be signed as a correct record.

* 41

Risk Management Annual Report 2021/22

RESOLVED that the Risk Management Policy (updated May 2022) be endorsed.

* 43

Future Meetings

RESOLVED that the 6 December 2022 meeting be brought forward to the 29 November 2022.

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 3.13 pm

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7 June 2022

Present:-

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

* **37** **Minutes**

RESOLVED that the Minutes of the meeting held on 25 February 2021 be signed as a correct record.

* **37** **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

38 **Devon County Council and Devon Pension Fund Update 2021/22**

The Committee noted the Report by Grant Thornton of the Audit Progress Report and Sector Update for Devon County Council and Devon Pension Fund 2021/22.

Grant Thornton highlighted a national issue regarding the accounting for infrastructure assets, which would impact on Devon County Council and all local authorities with material infrastructure assets such as highways, coastal defences etc. CIPFA had described this as a complex and serious issue and had set up a group to consider the issues arising. Consequently, completion of the 2020-21 audit could not be completed until CIPFA's work had concluded.

* **39** **External Audit Plan for Devon Pension Fund 2021/22**

The Committee noted the Report by Grant Thornton of the External Audit Plan for Devon County Council 2021/22. The Report provided an overview of the planned scope and timing of the statutory audit of the Devon Pension Fund.

Areas identified as significant risks included: Management override of controls; Valuation of Level 3 Investments; and Actuarial Present Value of Promised Retirement Benefits.

Grant Thornton had determined planning materiality to be £50.6 million for the Pension Fund which equated to 1% of the fund's prior year net assets as at 31 March 2021. The threshold below which uncorrected omissions or misstatements were considered 'clearly trivial' was set at £2.5 million.

The audit was expected to take place in July and August 2022 with a total proposed fee of £38,374. This was an increase from an actual fee of £35,274 for 2020.21.

Members' questions and discussion covered:

- as to the completion of the audit, the Government had indicated an extension from the end of September to the end of November and the timetables referred to in the report reflected this.

* **40** **Internal Audit Annual Report 2021/22**

The Committee reviewed and considered the Report of the Director of Finance (DF/22/55) of the Annual Internal Audit Report for 2021/22, which provided the end of year opinion of the Council's Internal Audit Service (Devon Audit Partnership) and described the progress against the internal audit plans for 2021/22 that were approved by the Audit Committee in February 2021 and as subsequently revised.

Overall, the Head of Internal Audit was able to issue an opinion of Reasonable Assurance on the adequacy and effectiveness of the internal control framework within the County Council.

Responses to Members' questions included:

- Following the 2021-22 audit, Learn Devon now had an assurance opinion of Reasonable Assurance, as against the No Assurance opinion in 2020-21.
- The risk area of 'Highways – Well maintained highways infrastructure – follow up' would be reported on at the next Committee meeting, following further audit work.
- Key concerns to be followed up in 2022-23 included Direct Payments in both Children's and Adult Services; and SEND in Children's Services.
- Cyber security remained a concern, but close working between internal audit and the Council's IT team took place on a regular basis to ensure mitigation of risk.

- The Advisory work undertaken on 'Embedding Mental Health – Prevention Concordat' had now concluded, therefore, Public Health were now in a position to take this forward.
- Future reports would include a new format to state how long an area had been 'red'.

Members noted the report.

* **42** **Risk Management Annual Report 2021/22**

(Councillor Barnes declared a personal interest in this item by virtue of working for a trade union representing care workers.)

The Committee considered the Report of the Director of Finance and Public Value of the Risk Management Annual Report for 2021/22, which set out the changes to risk management during 2021/22 and confirmed the role of the Audit Committee as per the Council's Risk Management Policy.

The Report provided Members with a summary of the Current Risk Position as at 12 May 2022. Of the 173 risks, 10 showed a Current Risk score of Very High (relating to Children's Social Care, Integrated Adult Social Care, the COVID-19 pandemic and Cyber-attack).

Points particularly highlighted in the report included:

- Members were referred to the online [Power Bi – Current Risk Data](#) which provided further information on the latest position of existing risk.
- The CIRS Scrutiny Committee would have oversight of the Council's Race Equality Audit 2021 outcomes, and the Race Equality framework and action plan which was being developed, however, relevant updates would be provided to the Committee as required.

Member's questions and discussion points covered:

- Query on page 94 of the report relating to the timing of the Government's ruling on mandatory vaccinations for care workers, which would be looked at.
- The new Children's Social Care Service risk relating to death or serious injury to a child, which was now included in the system.
- Officers would look at whether the Risk and Mitigation could be shown alongside each other in future reports.

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

RESOLVED that the Risk Management Policy (updated May 2022) be endorsed.

* **42** **Counter Fraud Services Annual Report and Update**

The Committee noted the Report of the Director of Finance (DF/22/54) with attached Counter Fraud Annual Report and Update, which detailed work undertaken and work still required in order to mitigate the challenges posed by fraudulent activity for the Council.

Of highlight in the report was the National Fraud Initiative, which was an exercise run and reported on by the Cabinet Office, matching electronic data within and between public and private sector bodies to prevent and detect fraud and error. These exercises provided significant 'on paper' estimated savings.

The Devon Audit Partnership would support completion of the NFI returns and results would be reported to this Committee in future Counter Fraud updates.

* **44** **Future Meetings**

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F Biederman, R Peart and I Roome

Apologies:-

Councillors

Members attending in accordance with Standing Orders 8 and 25

Councillors