

## AUDIT COMMITTEE

20 June 2023

Present:-

Councillors R Scott (Chair), M Hartnell (Vice-Chair), F Biederman,  
R Chesterton and C Whitton

Apologies:-

Councillors I Roome

\* 70

**Minutes**

**RESOLVED** that the Minutes of the meeting held on 28 February 2023 be signed as a correct record.

\* 71

**Items Requiring Urgent Attention**

There was no matter raised as a matter of urgency.

\* 72

**Publication of Statement of Accounts 2022/23**

The Committee noted the report of the Director of Finance and Public Value (DF/23/57) on the publication of the 2022/23 accounts and the audit status of the Statements of Accounts for 2020/21 and 2021/22.

The external auditors had yet to issue audit opinions on the Authority's Statements of Accounts for 2020/21 and 2021/22 and, at the previous Committee meeting on 28 February 2023, there were no issues raised by the auditors that suggested that audit opinions could not be issued.

As a response to the Covid-19 pandemic, Government had extended the date by which local authorities should publish their draft accounts from 31 May to 31 July. This year was therefore the first year since the pandemic that the regulation date has been brought forward to 31 May, two months earlier than the past two years.

Despite technical accounting challenges outlined in the report, the Authority expected to publish its Statement of Accounts 2022/23 by the end of June.

Officers reported that next year it was the expectation to publish the Statement of Accounts by the end of May.

\* 73

**External Audit Update**

The external auditors, Grant Thornton, provided a verbal update as follows:

- The time it had taken to complete audits had increased considerably over the last two years, due in part to a number of factors, including the Covid-19 pandemic, updated Government legislation and available resource.
- The Department for Levelling Up, Housing and Communities were working together with the Financial Reporting Council to try and clear the national audit backlogs, and it was confirmed that the Committee would be kept updated on this.
- Although the 2020/21 audit was well progressed, one of the key barriers to sign off was in relation to ongoing discussions with the Council around agreed audit fees for that audit. It was important to get an agreed resolution on the fees position before they could issue an audit opinion.
- As to the 2021/22 audit, once the national issue regarding the results of the triennial valuation of the Pension Fund had been resolved, an audit opinion could be issued.
- The Value for Money (VFM) report for 2020/21 had yet to be finalised pending management comments, which the Head Accountant confirmed would be forthcoming very shortly. Grant Thornton clarified that the VFM work did not impact the issue of an opinion under the new Code requirements.

In response to the above, the Head Accountant confirmed to Grant Thornton that it was the Director of Finance and Public Value's decision to formally dispute the element of the audit fees in relation to remote working.

Members expressed their surprise and disappointment and wished to have issues resolved and for the Authority to receive unqualified audit opinions for 2020/21 and 2021/22 as soon as possible. There was a preference that the external auditors worked on site if this avoided additional fees. Members also noted that there could be a reputational risk to the Council of having open historic accounts while waiting for audit opinions.

\* **74**      **Internal Audit End of Year Report for 2022/23**

The Committee reviewed and considered the report of the Director of Finance and Public Value (DF/23/65) 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 2022/23 that were approved by the Audit Committee in February 2022 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.

Points of particular highlight in the report included:

- A number of reviews had not been undertaken in Children's and Young People's Futures last year due to a lack of engagement within the service, but the situation had now improved for 2023/24.

- As to the limited assurance within Digital Transformation and Business Support, an agreed action plan had now been implemented which would be followed up in 2023/24.

Responses to Members' questions included:

- Service engagement had improved for 2023/24 following senior leadership changes, coupled with regular audit slots at senior leadership team meetings.

\* **75**      **Risk Management Update**

The Committee considered the report of the Director of Finance and Public Value on the Risk Management Annual Report for 2022/23, which set out the changes to risk management during 2022/23 and confirmed the role of the Audit Committee as per the Council's Risk Management Policy. It further summarised the existing risk position and links to visual reporting via Power BI.

Discussion included the importance of updating the risk wording to allow easier understanding of risks, as highlighted in the report; and also risk tolerances.

The Committee endorsed the report.

\* **76**      **Counter Fraud End of Year Report and Update 2022/23**

The Committee noted the Report of the Director of Finance and Public Value (DF/23/67) on the Counter Fraud End of Year Report and Update 2022/23, which detailed work undertaken and work ongoing in order to mitigate the challenges posed by fraudulent activity for the Council.

Of highlight in the report was that the team continued to support colleagues specifically looking at the risks linked to cyber enabled frauds that could affect the most vulnerable members of society who were more at risk of falling victim to fraudsters.

The West of England Fraud Group had now been revived, which involved Councils across the region looking at fraud, risk and audit issues which affected everyone. Resilience and overall assurance were improved by sharing awareness and knowledge.

The Council continued to show that it was committed to improving its assurance position in respect of its fight against fraud.

\* **77**      **Future Meetings**

Next meeting: 25 September 2023

**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 3.28 pm