

AUDIT COMMITTEE

28 February 2024

Present:-

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

Members attending in accordance with Standing Order 25

Councillors L Samuel and P Twiss

* **99** **Announcements**

The Chair welcomed Mrs R Saltmarsh to the meeting who was attending in her capacity as a Co-opted Member of the Council's Standards Committee to observe and monitor compliance with the Council's ethical governance framework.

* **100** **Minutes**

RESOLVED that the Minutes of the meeting held on 27 November 2023 be signed as a correct record

* **101** **Items Requiring Urgent Attention**

There was no item requiring urgent attention.

* **102** **Devon County Council - Audit Findings 2022/23**

The Committee noted the report of the Director of Finance and Public Value (DFP/24/35), together with the attached Audit Findings report 2022/23 for Devon County Council provided by the External Auditor, Grant Thornton.

The Audit Findings report set out the findings arising from the audit of the Council's financial statements for 2022/23. It also described the work that the external auditor had undertaken to address the risks identified in the Audit Plan, which was presented to this Committee on 25 September 2023.

The External Auditor reported that all outstanding matters had now been completed with no new issues arising. Members were advised that based on current indicators the External Auditor anticipated offering an unqualified audit opinion on the Council's statements.

* **103** **Devon Pension Fund - Audit Findings 2022/23**

The Committee noted the Report of the Director of Finance and Public Value (DFP/24/36) together with the Report of Grant Thornton on the Audit Findings for Devon Pension Fund.

The Report set out the findings arising from the audit of the Pension Fund financial statements for 2022/23 and described the work that the external auditor had undertaken to address the risks identified in the Audit Plan, as presented to the Audit Committee on 25 September 2023.

Members noted that Grant Thornton had indicated its intention to issue an unqualified opinion in respect of the 2022/23 financial statements.

* **104** **Statement of Accounts 2022/23**

The Committee reviewed and considered the Report of the Director of Finance and Public Value (DFP/24/37) on the Audited Statement of Accounts for 2022/23. Amendments included within the audited accounts were summarised in the Report and Appendices.

The Annual Governance Statement for 2022/23, Devon County Council's Statement of Accounts 2022/23 and the Pension Fund Statement of Accounts 2022/23 were previously approved by the Committee at its meeting on 25 September 2023.

The Chair thanked both internal and external teams for the hard work involved.

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

RESOLVED that:

- (a) the Management Letters of Representation in respect of the financial statements of both Devon County Council and Devon Pension Fund for the year ended 31 March 2023 be approved and signed by the Chair on behalf of the Committee;
- (b) the Authority's audited Statement of Accounts 2022/23 be approved, noting the amendments as summarised in Appendix 2; and
- (c) the Pension Fund's audited Statement of Accounts for 2022/23 and the Annual Governance Statement for 2022/23 be re-approved.

* **105** **Auditor's Annual Report 2020/21 and 2021/22**

The Committee noted the Report of the Director of Finance and Public Value (DFP/24/38) and the Auditor's Annual Report for financial years 2020/21 and

2021/22, which summarised the work undertaken and final findings and recommendations in relation to value for money.

The External Auditor was required to provide an Auditor's Annual Report each year which confirmed its Opinion on the Authority's financial statements and any significant matters in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

It was noted that from 2020/21 onwards the information presented in the form of an Auditor's Annual Report had replaced the previous Value for Money Conclusion Report.

The Committee's attention was drawn to the two key recommendations in regard to two significant weaknesses identified across the two years relating to Financial Sustainability and the Designated Schools Grant Deficit; and in relation to Improving economy, efficiency and effectiveness and the Ofsted rating of 'Inadequate' for the Council's children's social care services.

The Committee noted the report.

* **106** **Auditor's Annual Report 2022/23**

The Committee noted the Report of the Director of Finance and Public Value (DFP/24/39) and the Auditor's Annual Report for 2022/23, which summarised the work undertaken and final findings and recommendations in relation to value for money.

The External Auditor was required to provide an Auditor's Annual Report each year which confirmed its Opinion on the Authority's financial statements and any significant matters in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Committee's attention was drawn to the two key recommendations in regard to two significant weaknesses relating to Financial Sustainability and the Designated Schools Grant Deficit; and in relation to Improving economy, efficiency and effectiveness and the Ofsted rating of 'Inadequate' for the Council's children's social care services.

As to Improvement recommendation 6, it was noted that:

- an independent co-opted member had now been appointed to advise the Audit Committee and would be in attendance at the next meeting;
- a previous Grant Thornton report on what makes a good Audit Committee would be shared with Members; and
- there was a CIPFA audit effectiveness checklist available that each Audit Committee Member could complete online.

The Committee noted the report.

* **107** **Special Educational Needs & Disabilities (SEND) Update**

(Councillors L Samuel and P Twiss attended in accordance with Standing Order 25 and spoke to this item.)

The Committee received the Report of the Director of Finance and Public Value and Director of Children & Young People's Futures (DFP/24/41), which provided an update on Devon's SEND Transformation and Deficit Management Plans, as requested at the last Committee meeting.

Many local authorities across the country had faced financial challenges in meeting the demand for SEND within the High Needs Block of the Dedicated Schools Grant (DSG). In response, the Government introduced a statutory override in 2020 which separated local authorities' DGS deficits from their wider financial position.

Devon's DSG deficit reserve was expected to reach in excess of £160 million by the end of 2023/24. DSG management plans had been submitted to the Department for Education as part of the Safety Valve Programme in December 2023 and a response was currently awaited from them.

The Committee requested that SEND Officers return to the June meeting with a more detailed audit-focussed report.

* **108** **Draft Internal Audit & Counter Fraud Plan 2024/25**

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/21), which provided the draft Internal Audit and Counter Fraud Plan for 2024/25.

The key objective of the Internal Audit Plan was to provide assurance on the adequacy and security of those systems on which the Council relies for its internal control, both financial and management.

The Committee agreed the adaptive plan for 2024/25.

* **109** **Internal Audit Update**

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/20), which provided an Internal Audit Update for 2023/24, 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 2023/24 that were approved by this Committee in February 2023.

The work, and the continuing contribution of Devon Audit Partnership to both risk management and anti-fraud arrangements within the Council, lead to an opinion that the Council continued to have an effective framework of control

which provided reasonable assurance regarding the effective, efficient and economic achievement of its objectives.

Overall, based on work performed during 2023/24 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.

It was noted that some work included in the Adaptive Plan had been moved to the new financial year to enable some additional work on SEND, which would be updated on at the next meeting.

* **110** **Risk Management Update**

The Committee considered the Report of the Director of Finance and Public Value (DFP/24/22) on the most recent risk position for 2023/24, which set out the risk position of the Council, updates on changes to risk management arrangements during 2023/24 to date and confirmed the role of the Committee as per the Council's Risk Management Policy.

The Report further explored and summarised the existing risk position via links to visual reporting of risks using the Power BI platform.

New risks included on the Risk Register related to the Sudden Cessation of the Household Support Fund; and to establishing the Combined County Authority (Devolution Deal), which would be managed by the Economy, Enterprise and Skills area as a county-wide risk.

The Committee were assured that the Very High risk of Successful Cyber Attack was one which was regularly reviewed by the Council's IT service area; and that the follow up audit work being undertaken on cyber security would be reported at the June meeting.

* **111** **Counter Fraud Update**

The Committee noted the Report of the Director of finance and Public Value (DFP/24/23) that set out the Counter Fraud work being undertaken on behalf of and by the Council for the first six months of the financial year 2023/24 and supported the Council's ongoing commitments as outlined in its Anti-Fraud Bribery and Corruption Policy/Strategy and Response Plan.

The Report aimed at informing the Committee of ongoing activity in the fight against fraud, to protect the public purse and retain public confidence that the Council recognised the harm that fraud could cause in the community and that it was protecting itself and its residents from fraud.

Of highlight was completion of the National Fraud Initiative which had resulted in an estimated £2,694,723 in potential savings across the Council; and that

work on the Council Tax Single Person's Allowance had so far realised £531,583.08.

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 4.29 pm