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1 December 2023

AUDIT SCRUTINY COMMITTEE

A meeting of the **Audit Scrutiny Committee** will be held on **Wednesday, 13th December, 2023** in the **Council Chamber, Forde House, Brunel Road, Newton Abbot, TQ12 4XX** at **10.00 am**

PHIL SHEARS
Managing Director

Membership:

Councillors Morgan (Chair), Thorne (Vice-Chair), Daws, Jackman, Purser, Radford, Sanders and Williams

Please Note: Filming is permitted during Committee meeting with the exception where there are confidential or exempt items, which may need to be considered in the absence of the press and public. By entering the Council Chamber you are consenting to being filmed.

A G E N D A

Part I

1. **Apologies for Absence**
2. **Minutes of the previous meeting** (Pages 3 - 8)
To approve and sign the minutes of the meeting held on
3. **Declarations of Interest.**
4. **Public Questions (If any)**
5. **Members Questions (if any)**
Members of the Council may ask questions of the Chairman subject to procedural rules.

The deadline for questions is no later than three clear working days before the meeting.

6. **Cyber Security briefing**

Verbal Update

7. **Financial Statements & update on current timetable for external audit**

Verbal Update

8. **Internal Audit update**

(Pages 9 - 12)

9. **Appointment of Independent co-opted members to Audit Scrutiny Committee**

(Pages 13 - 18)

10. **Financial Instructions Waivers**

(Pages 19 - 22)

If you would like this information in another format, please telephone 01626 361101 or e-mail info@teignbridge.gov.uk

AUDIT SCRUTINY COMMITTEE

29 AUGUST 2023

Present:

Councillors Jackman, Morgan, Radford, Sanders, Thorne and Williams

Members in Attendance:

Councillors

Apologies:

Councillors Daws and Purser

Officers in Attendance:

Martin Flitcroft, Chief Finance Officer & Head of Corporate Services

Sue Heath, Audit Manager

Sarah Selway, Democratic Services Team Leader & Deputy Monitoring Officer

Christopher Morgan, Trainee Democratic Services Officer

Paul Woodhead, Head of Legal Services & Monitoring Officer to the Council

Julie Masci, External Auditor

29. ELECTION OF CHAIR

It was proposed by Councillor Jackman and seconded by Councillor Thorne that Councillor Morgan be elected Chair of Audit Scrutiny Committee 2023-24

A vote was taken – the result was unanimously in favour.

Resolved that Councillor Morgan be elected Chair of Audit Scrutiny Committee 2023-24

30. ELECTION OF VICE CHAIR

It was proposed by Councillor Morgan and seconded by Councillor Jackman that Councillor Thorne be elected Vice-Chair of Audit Scrutiny Committee 2023-24

A vote was taken – the result was unanimously in favour.

Resolved that Councillor Thorne be elected Vice-Chair of Audit Scrutiny Committee 2023-24

31. MINUTES OF THE PREVIOUS MEETING

It was proposed by Councillor Morgan and seconded by Councillor Sanders that the minutes of the previous meeting be approved as a correct record and signed by the Chair.

A vote was taken.

Resolved

That the minutes of the previous meeting be approved as a correct record and signed by the Chair.

32. DECLARATIONS OF INTEREST.

The Vice-Chair informed the Committee that he was an Exeter Community Champion. This did not affect his right to speak or vote.

33. GRANT THORNTON AUDITOR'S ANNUAL REPORT 2020-2021

The External Auditor introduced the report to the Committee. The full details of the External Audit can be read in the agenda report. Improvements in whistleblowing policy had come as a result of the work done by Protect. Comments from Management were being obtained for the 2020-2021 audit. The property list was largely fixed and the asset list was monitored, as economic fluctuations would change the value of said assets. The External Audit had now moved on from 2021. Audit reports could be made available to the Committee earlier where possible. It was noted that as the audit progressed for the next year or so, council improvements would be shown, including in management comments.

It was proposed by Cllr Morgan and seconded by Cllr Thorne that the External Audit Report be noted.

Resolved

That the External Audit Report be noted.

34. INTERNAL AUDIT ANNUAL REPORT 2022-2023

The Audit Manager introduced the report to the Committee. Some aspects of the audit were not common, such as the Future High Street Fund. Strata had been Audited by Devon Audit Partnership. The Vice-Chair requested that the number of reports to Audit Scrutiny Committee be increased. In response, the Audit Manager suggested that there be a summary sheet that succinctly outlines the purpose of reports. This would cut down the length of future agendas. The Monitoring Officer assured the Committee that there was no need to sign NDAs when viewing confidential reports or information as part of their membership of the Committee.

Resolved

That the Internal Audit Annual Report 2022-2023 be noted.

35. ANNUAL GOVERNANCE STATEMENT 2022-2023

The Audit Manager introduced the report to the Committee. The discussion centred around financial sustainability, cyber security, and member/officer roles and relationships. It was noted that in the future, a talk would be given by Strata to the committee on Cybersecurity.

It was proposed by Cllr Morgan and seconded by Cllr Thorne that it is recommended to Full Council that the Annual Governance Statement 2022-2023 be approved.

Resolved

That it be recommended to Full Council that the Annual Governance Statement 2022-2023 be approved.

36. 2022/23 DRAFT FINAL ACCOUNTS AND TREASURY MANAGEMENT

The Chief Financial Officer introduced the report to the Committee. It was noted that he was still awaiting the completion of the 2021 external audit and reports. Changes in interest rates had affected the final accounts. Rising inflation and costs were discussed by the committee as they would have an effect on future borrowing. Councillors stated the need for increased income and the requirement to provide statutory services. The treasury team would continue to look at funding for future projects that required it.

It was proposed by Cllr Morgan and Cllr Thorne that the Audit Scrutiny Committee note the 3 actions in the report.

Resolved

That the Audit Scrutiny Committee note the following:

1. That the draft statement of accounts for 2022/23 have been published
2. The current authorised lending list at appendix 1
3. The draft treasury management results for 2022/23 at appendix 2

37. OMBUDSMAN ANNUAL REPORT

The Audit Manager introduced the report to the Committee. It included 3 highlighted cases.

Resolved

That the Ombudsman Annual Report be noted.

38. WHISTLEBLOWING POLICY AMENDMENT

The Audit Manager introduced the report to the committee. She noted that there were some amendments to the policy but that Protect had been complimentary to it.

It was proposed by Cllr Morgan and seconded by Cllr Thorne that the amended whistleblowing policy be approved.

Resolved

That the amended whistleblowing policy is approved.

39. INTERNAL AUDIT PLAN AND CHARTER 2023-2024

The Audit Manager introduced the report to the committee. It was noted that it was a similar report to the previous year's. Several reviews had taken place in previous years such as a planning review before 2020 and the ignite review. It was suggested that the absence of a section on Planning should be explained.

It was proposed by Cllr Morgan and seconded by Cllr Sanders that the audit plan and charter be approved.

Resolved

That the Audit plan and charter be approved.

40. FINANCIAL INSTRUCTIONS WAIVERS

The Audit Manager introduced the report to the committee. The committee discussed the details of the clean oceans project in collaboration with Plymouth University. This included the need to acquire best value for money. The Committee noted that the Environmental Agency funds the project whilst Teignbridge Council administers it.

Resolved

That the report be noted.

In response to a question from a member regarding allowing the Audit Scrutiny Committee to agree the Council Tax Base instead of Full Council, the Audit Manager informed him that the Monitoring Officer would have to be consulted and it would be required as a change to the Constitution.

The meeting commenced at 11.00 am and finished at 12.45 pm.

Chair
Cllr Sally Morgan

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Teignbridge District Council

Audit Scrutiny

13 December 2023

Part 1

INTERNAL AUDIT PROGRESS REPORT

Purpose of Report

To advise members of the internal audit work completed and in progress.

Recommendation(s)

The Audit Scrutiny Committee is recommended to note the report.

Financial Implications

None. The internal audit service is currently within budget.

Legal Implications

None. The Council is meeting its statutory duty to undertake an internal audit in accordance with the Accounts and Audit Regulations.

Risk Assessment

Risks are taken into account when planning internal audit work.

Environmental / Climate Change Implications

None.

Report Author

Sue Heath – Audit & Information Governance Manager

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Executive Member

Councillor Richard Keeling – Executive Member for Resources

1. INTRODUCTION / BACKGROUND

- 1.1 Internal audit provides an independent opinion on the Council's risk management, control environment, and governance. A plan of audit work was approved by Audit Committee members in August 2023, showing areas to be audited. This report shows progress against that plan.

2. AUDIT PLAN PROGRESS 2023-2024

SYSTEM	STATUS	ASSURANCE
<u>Core Financial Systems</u>		
Main Accounting	-	-
Payroll	-	-
Council Tax	-	-
Housing Benefits & Council Tax Support	-	-
Business Rates	Commencing mid Dec / Jan 24	
Housing Finance	Commencing mid Dec / Jan 24	
<u>Other Systems / Projects</u>		
Government Grants and Payment Schemes	Ongoing	-
Safeguarding	Completed	Good
Health and Safety (Housing Stock)	Draft Report Issued	-
Health and Safety (Corporate)	-	-
Housing Grants (DGF etc.)	In Progress	-
Estates – follow up of previous audit	In Progress	-
Car Park Debt – follow up of previous audit	In Progress	-
Councillors Community Fund	Completed	Good
Business Continuity Management	-	-
Purchasing Cards (new system)	-	-
Grant Certifications (as required)	-	N/A
Risk Management 2023	-	-
Governance and Annual Gov Statement	Ongoing	-
Fraud Risk Analysis	Ongoing	-

National Fraud Initiative	Ongoing	-
Register of Interests, Gifts and Hospitality	Completed	Good
Software Licensing	-	-
Building Control *	Completed	Good
Mobile Device Billing*	Completed	Good
Green Business Grant *	Completed	Good
Energy Bills Support Scheme *	Completed	Good
Risk Management 2022 *	Completed	Good
Data Quality *	Completed	Good
Alternative Fuel Payment Scheme *	Completed	Good

(Audits marked with “*” were not included in this year’s plan but have been completed since the last monitoring report.)

2.2 The Assurance Opinion descriptions for the work listed above are as follows:

Key to Assurance Opinions:		
Excellent	☆☆☆☆	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against achieving objectives are well managed.
Good	☆☆☆	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some areas for improvement have been identified.
Fair	☆☆	Basic control framework in place, but most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and require controls to be strengthened to achieve system objectives.
Poor	☆	Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system’s objectives will be achieved.

2.3 The following follow up audits were also undertaken to check progress with agreed actions:

System Admin Permissions	Teignbridge 100
Council Tax Energy Rebate	Climate Change
Leisure	Data Quality
Utilities	Green Business Grant

Please note that due to the significance of recommendations for both Estates and Car Parks, these areas are being revisited in depth and additional audit reports will be issued shortly. This work should be completed before the December break.

3. CONCLUSION

Internal Audit work is progressing reasonably well and assurance has generally been positive.

Teignbridge District Council

Audit Scrutiny

13 December 2023

Part 1

APPOINTMENT OF INDEPENDENT MEMBER

Purpose of Report

To obtain members views on the appointment of an independent member to the Audit Scrutiny Committee, and to seek approval to appoint if minded to do so.

Recommendation(s)

Members are asked to decide whether they wish to recommend to Council, the appointment of an independent member to serve on the Audit Scrutiny Committee.

Financial Implications

The costs in recruiting an independent member would be minimal. An allowance would need to be set for which the views of the Council's Appointments and Remuneration Committee would need to be sought. The costs of these allowances could be built into the budget setting process for future years. If payable this year, they would have to be met from within existing resources.

Legal Implications

There is currently no statutory requirement for an independent person to be appointed. However, the Government does intend to bring in legislation which will require at least one independent member to be appointed. Under the Council's Constitution, the decision to co-opt an independent member onto the Committee and their subsequent appointment would require full Council approval.

Risk Assessment

There are no risks arising from this report, except to note that the inclusion of an independent member with specialist skills and insight could enhance the oversight of risk within the Council.

Environmental / Climate Change Implications

None.

Report Author

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Executive Member

Councillor Richard Keeling – Executive Member for Resources

1. INTRODUCTION / BACKGROUND

- 1.1 Audit Committees are a key component of corporate governance. Through their high-level oversight, they provide a reliable source of assurance on an organisation's arrangements for governance; management of risk and internal control; as well as the integrity of the financial reporting processes.
- 1.2 Suitably qualified independent member(s) with appropriate skills and experience may supplement those of elected members and serve to improve the effectiveness of the Committee. They can bring specialist knowledge and insight into the matters considered by it.
- 1.3 This view is supported by the Chartered Institute of Public Finance & Accountancy's 2022 [Position Statement on Audit Committees in Local Authorities](#), endorsed by the Department for Levelling Up and Housing, and also by Sir Tony Redmond's [2020 Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting](#) ("the Redmond Review") which recommended the appointment of at least one

independent member. The legislation to mandate this is still pending with these reforms not likely to materialise until 2024. The Redmond Review found in 2020 that 40% of authorities had independent members, but this is likely to have increased significantly by now.

- 1.4 It is recommended for recruitment to follow the same process as Standards independent members, namely by open advertisement and interviews. A draft person specification for the role is appended below.

2. CONCLUSION

A co-opted independent member would enhance the function of the committee, and members are asked to give their support for the necessary arrangements to be made.

APPENDIX - Audit Scrutiny Committee

Draft Role Description and Person Specification for Independent Person

Role Description

To assist the Audit Committee in discharging its responsibilities as set out in its Terms of Reference and the Constitution by engaging fully in the collective consideration of the matters before them.

In particular, the Independent Person will be required to assist the Audit Committee in:

1. Providing independent assurance to the Council in relation to its internal control environment.
2. Considering and commenting on reports from Council officers, the external auditor and other inspection agencies.
3. Considering any significant issues arising from internal or external audit work and ensuring appropriate actions are taken for improvement.
4. Commenting on the Council's arrangements to counter fraud and corruption, including effective proactive and reactive actions.
5. Assisting in the review of the annual statement of accounts, including the annual governance statement and the external auditor's report.
6. Assisting in the review and monitoring of the effectiveness of both internal and external audit.
7. Assisting the Council in promoting high standards of conduct by elected and co-opted members through the Council's Code of Conduct.
8. Acting as an advocate and ambassador for the Council in promoting ethical behaviour.

Selection Criteria

Experience, Skills/Competencies and Knowledge

The Independent Person will have:

Skills/Competencies

- A desire to serve the local authority and a keen interest in public life.
- Ability to understand complex issues and an understanding of the importance of accountability and probity in public bodies.
- Up to date knowledge, skills and experience in the fields of audit, accounting, risk management.
- Ability to be objective, independent and impartial, and to exercise good judgement and make sound decisions without bias.

- Ability to influence and challenge the standards of governance within the Council, working sensitively with people inside and outside the committee.
- Ability to analyse evidence, to question written and verbal reports and to come to rational and well-evidenced conclusions.
- Ability to maintain confidentiality in relation to sensitive information.
- Effective interpersonal skills, able to challenge supportively.

Knowledge

Should have, or should acquire as soon as possible after appointment, an understanding of:

- the Council's structure, responsibilities, and strategic priorities.
- audit, financial governance and stewardship and risk management in either the public or private sectors.
- the Council's decision-making process.
- the importance of ethical behaviour.
- how risks evolve and how they are managed.

Experience (all or some of the following)

- Financial management (accountancy, audit or management of a large budget)
- Risk management in a complex organisation
- Operating in a political environment
- Serving on a committee or board

Other

- Must not be a serving local government officer or councillor
- Must have no personal, legal or contractual relationship with Teignbridge District Council (including members or employees of former staff) or any other relationship or activity which might present a conflict of interest.
- Able and willing to devote the necessary time to the role.

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**Teignbridge District Council
Audit Scrutiny
13 December 2023
Part 1**

FINANCIAL INSTRUCTIONS and CONTRACT RULES WAIVERS

Purpose of Report

To inform Members of the number of times the Financial Instructions and Contract Procedure Rules have been waived and the reasons for this.

Recommendation(s)

The Audit Scrutiny Committee resolves to note the report.

Financial Implications

None - advisory report only.

Legal Implications

There are no specific legal implications arising out of this report. The reporting of Waivers to the Audit Scrutiny Committee is a requirement of the Financial Instructions and Contract Procedure Rules within the Constitution.

Risk Assessment

Risks are evaluated when individual waiver approval is sought. Waivers would not be approved if they presented unacceptable risk.

Environmental / Climate Change Implications

None.

Report Author

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Executive Member

Councillor Richard Keeling – Executive Member for Resources

Appendices/Background Papers

None.

1. PURPOSE

- 1.1 To inform Members of the number of times the Financial Instructions and Contract Procedure Rules have been waived and the reasons for this.

2 BACKGROUND

- 2.1 The Financial Instructions and Contract Procedure Rules provide the framework for managing the Council’s financial affairs. They apply to every member and officer of the Council and anyone acting on its behalf. Sometimes there are instances where the rules cannot be followed and requests are made to waive them. One of the following criteria must be met:

1	LIFE OR DEATH There is significant chance that the life or health of officers, members, or the public will be put at real risk.
2	INCREASED COST / LOSS OF INCOME The Council will incur significant avoidable costs or lose significant income.
3	LIMITED MARKETS The Council would be wasting its time tendering as supply of the product or service is demonstrably restricted to one or few businesses.
4	URGENT ACTION REQUIRED The Council would be criticised for failing to act promptly.

3 WAIVERS

- 3.1 The following waivers have been processed since the 18 January 2023 monitoring report:

Proposing Officer	Proposal / Reason	Approval
Chief Finance Officer & Head of Corporate Services	Recruitment of Interim Head of Development Management Interim arrangements required for the management of the service until a permanent appointment can be arranged which will take 5-6 months minimum.	Head of Place and Commercial Services

	<p>Value: £99,375</p> <p>Reason: Urgent action required to avoid impact on staff and productivity.</p>	
Housing Needs Lead	<p>Procurement of management service for social sector leased homes for homeless temporary accommodation.</p> <p>Urgent need to procure management service for social sector leased homes for temporary accommodation for homeless households.</p> <p>Value: £44,000</p> <p>Reason: Need to retain the twenty-two leased properties. The Registered Social Landlord that the properties are leased from will not allow any 3rd party organisation management.</p>	Head of Communities & Service
Housing Needs Lead	<p>Procurement of management service for properties procured for refugees and private sector homes for homeless temporary accommodation.</p> <p>Urgent need to procure management service for properties procured for refugees and private sector leased homes for temporary accommodation for homeless households.</p> <p>Value: £57,000</p> <p>Reason: Urgent action required due to deadline for delivery of these homes of November 2023. Unable to rent out these properties until a contract is implemented to meet the repairs and maintenance of these homes.</p>	Head of Communities & Service
Service Lead for Revenue & Benefits & Customer Support	<p>Assets Process Mapping Work</p> <p>To create 'as is' and 'to be' process maps for key Asset processes and assist in the review of team function and operations to support the Modern25 programme.</p>	Head of Communities & Service

	<p>Value: £21,190 (Total commitment of £30,000 includes earlier work carried out at a cost of £8,810)</p> <p>Reason: Urgent action required, and for continuity and to avoid increased costs, continuation of the existing service provider was necessary due to their knowledge of Teignbridge systems and previous Asset process mapping.</p>	
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4. IMPLICATIONS, RISK MANAGEMENT & CLIMATE CHANGE IMPACT

4.1 Financial

There are no direct financial implications as this is an advisory report only. The financial impacts of the spending covered by the waivers were assessed at the time these procurements were carried out.

4.2 Legal

The reporting of Waivers to the Audit Scrutiny Committee is a requirement of the Financial Instructions and Contract Procedure Rules within the Constitution.

4.3 Risks

Risks are evaluated when individual waiver approval is sought. Waivers would not be approved if they presented unacceptable risk.

5. CONCLUSION

That the report be noted.

6. GROUPS CONSULTED

Not applicable.

7. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

Not applicable.

8. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

Not applicable.