

Minutes of the Audit Committee

24 March 2021

-: Present :-

Councillor Loxton (Chairman)

Councillors Brooks, Hill, Kennedy and O'Dwyer

228. Minutes

The Minutes of the meetings of the Audit Committee held on 15 January, 29 July, 30 September, 23 November, 10 December 2020 and 20 January 2021 were confirmed as a correct record and signed by the Chairman.

229. Internal Audit Charter and Strategy

Members noted the submitted report which detailed the Audit Charter and Internal Audit Strategy. The Head of the Devon Audit Partnership informed Members that the Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP), and the scope of Internal Audit work. The accompanying Audit Strategy has been designed to deliver the requirements outlined within the Charter.

Members sought reassurance in respect of risk that the authority is exposed to and whether more capacity should be allocated to Internal Audit. The Head of Internal Audit advised that people and organisations had become more aware of risk generally with the understanding of the breadth of risk to the organisation being greater than before. Internal Audit's response to the changing landscape of risk had changed as result, with resources focused on processes and systems rather than transaction testing.

In response to Members questions the Head of the Devon Audit Partnership and Chief Finance Officer also explained the auditing and assurance expectations of Council wholly owned companies.

230. Internal Audit Plan 2021-22

The Audit Committee noted the report that set out the Internal Audit Plan for 2021-22. The Head of the Devon Audit Partnership informed Members that the audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. The Head of the Devon Audit Partnership advised that as demonstrated by the challenges and changing risks as a result of COVID-19 the plan needed to be flexible to be able to reflect and respond to the changing risks

and priorities of the Council and, to this end, it would be regularly reviewed with directorates, and updated as necessary, to ensure it remained valid and appropriate.

Members raised questions in respect of fraud in particularly with regards to payments made as a result of COVID-19. The Chief Finance Officer advised that from the moment business rate grants were announced the Council's entire fraud team were allocated to the process of administering the grants, Devon Audit Partnership were also asked to input into the processes and systems used and where appropriate data checking was also undertaken in order to try and mitigate losses and prevent fraud occurring. The Chief Finance Officer also advised that nationally the Chancellor of the Exchequer had allocated money to prevent and investigate fraud especially in relation to the furlough scheme. Members noted that the Council was given very short notice to put in place systems to pay large sums of money, fraudulent attempts have been picked up, fraud remains a live risk for the Council.

Members sought clarity on audits in relation to wholly owned companies. The Head of Devon Audit Partnership advised that the Internal Audit Plan before Members was in relation to Torbay Council only, if appointed auditors for a wholly owned company then a plan would be developed specifically for them. The Council should be looking to the Board of Directors of such companies to provide reassurance.

Members questioned the process of audits, where there were reoccurring problems that hadn't been solved. Members were advised that the Audit Committee could seek assurance by asking to see a particular audit report and subsequent recovery plan with a progress update or challenge the Senior Leadership Team as to why progress not being made. The Chief Finance Officer advised that the Internal Audit Plan does reflect the need to undergo a repeat audit however this wasn't an indication of reoccurring issues, reoccurring issues are more likely to be raised in the Internal Audit – Half Year Report and the follow up report on those areas identified as 'improvement required'.

231. Housing Benefit Subsidy Certification

Mr Hussain, from Grant Thornton informed the Audit Committee that certification of the Housing Benefit Subsidy was substantially complete and that a draft report would be shared with officers by the end of the week. Certification of the Housing Benefit Subsidy requires a sample to be tested and depending on the number of fails additional testing would be undertaken. Officers are aware that for 2019/2020 there have been a considerable number of fails found.

Members were advised that prior to submission to the Department of Work and Pensions (DWP), work would be undertaken to double check the facts of each case. As a result of internal assessment, the Chief Executive and Chief Finance Officer were already aware of an identified error and were already seeking to address the problem. DWP will assess whether these errors are systemic failings and what corrective action the Council is taking before making a determination on whether the Housing Benefit Subsidy will be reclaimed from the Council.

232. Audit Committee Update

Mr Hussain from Grant Thornton informed Members that meetings had taken place with the Chief Finance Officer with regards to planning the External Audit for 2020/2021, which will commence in the coming weeks. Mr Hussain also advised that he would be presenting the External Audit Plan to the Audit Committee on 25 May 2021.

233. Adjournment

At this juncture the meeting was adjourned until 1 pm on 29 March.

Chairman/woman