



Minutes of the Audit Committee

28 March 2012

-: Present :-

Councillors Addis, Stringer, Brooksbank, Pentney and Hill

621. Minutes

The Minutes of the meeting of the Audit Committee held on 18 January and 25 January 2012 were confirmed as a correct record and signed by the Chairman.

622. Audit Committee Update

Members noted the Audit Committee update from Sue Hicks of the Audit Commission. The purpose of this update was to provide the Audit Committee with a report on progress in delivering their responsibilities as the council's external auditors. The report also highlighted key emerging national issues and developments which may be of interest to Members of the Audit Committee.

Members were informed that the Audit Commission had introduced a new approach to value for money work in 2010/11. The VFM conclusion would now be based on two nationally specified criteria:-

- The organisation has proper arrangements in place for securing financial resilience; and
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

A review of the Council's arrangements is currently being undertaken and the interim audit is currently on-going and there will be a report of findings back to the Audit Committee on 27 June 2012.

Members requested that the Executive Head, Finance, bring a short report to the next meeting outlining the key considerations listed in the update report.

623. Audit Plan

Members noted the Audit Plan presented by Sue Hicks from the Audit Commission. The plan sets out the work for the 2011/12 audit and was based on the Audit Commission's risk-based approach to audit planning.

624. Certification Claims

Members noted the Certification of claims and returns annual report. The report summarised the outcomes of the certification work on the 2010/11 claims and returns.

Sue Hicks from the Audit Commission informed members that local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and were required to complete returns providing financial information to government departments. The certification work provides assurance to grant-paying bodies that claims for grants and subsidies were made properly and that information in financial returns was reliable.

625. Good Governance Review Autumn 2011

Members considered a report on the Good Governance Review. The Governance Support Manager informed the Committee that the Council had reviewed its governance arrangements following the first five months following the election in May 2011.

A survey was undertaken of all members and senior officers to gather feedback on the following areas:

- 1) Roles and functions;
- 2) Good governance through constructive relationships;
- 3) Taking informed and transparent decisions; and
- 4) Serving Torbay

Members were advised that the results had been presented at a governance workshop held in October 2011 attended by members and senior officers. The workshop used the results of the survey to identify what needed to be changed or improved.

Members requested that the Governance Support Manager circulate the Good Governance information Pack to the Committee.

Resolved:

That the Good Governance Review Autumn 2011 Action Plan be adopted and its progress monitored by Group Leaders via the Leadership Group.

626. Internal Audit Plan 2012/13

Members considered a report on the internal Audit Plan 2012/13. Officers advised Members that the Audit Plans were prepared for each of the client authorities using

a risk based approach and priority assessment including consultation at both strategic and operational levels

Rob Hutchins, Devon Audit Partnership, informed Members that the plan was based on the current organisational structure for the Authority and it was possible there would be new risks and changes as the year progressed, therefore plan needed to remain flexible.

Resolved:

That the Committee agreed in principle the proposed Audit Plan for 2012/2013.

627. Future of Public Audit Report to Audit Committee

Members noted the proposed appointment of Grant Thornton LLP as External Auditors of Torbay Council from 2012/13 and the DCLG proposals for the Future of Public Audit.

Members were informed that the Secretary of State had proposed local authorities would be able to appoint their own external auditors and in March 2011 launched a consultation document on the Future of Public Audit. However it was recognised that such a framework could not be introduced immediately so the Audit Commission were asked to run a procurement exercise to appoint new external auditors with effect from 2012/13. Following an EU Procurement Exercise a number of private sector providers and the previous in-house Audit Practice were invited to tender for 10 contracts spread over four geographical regions.

Members were advised that the Audit Commission had recently announced the results of the process of outsourcing all the audit work of its in-house practice. The outsource contracts that the Commission will put in place would start from 2012-13 and will run for five years giving local councils and other public bodies the time to plan for appointing their own auditors. As a result of the outsourcing, a single provider will be responsible for undertaking the external audit of all public bodies in the south west. Once the audits had been outsourced the Commission would be radically reduced in size to become a small residuary body responsible for overseeing the contracts and making any necessary changes to the individual audit appointments during the life of the contracts.

628. Exclusion of the Press and Public

The Chairman was questioned as to why the next item required the press and public to be excluded from the meeting.

The report author, Robert Hutchins, Devon Audit Partnership was asked for the reason for the exclusion.

He explained that the Scale of Fraud and Corruption affecting Torbay Council if made public constituted a reputational risk and was written for the Audit Committee for the protection of Torbay Council from fraud and contained information that should not be publicised.

The Chairman requested members take a vote to exclude the press and public from the next part of the meeting which was carried.

(Note: in accordance with Standing Order A19.5 Councillors Stringer and Pentney requested that their vote against this decision be recorded).

629. Scale of Fraud & Corruption affecting Torbay Council

Members noted the exempt report which was compiled using existing resources.

The Executive Head, Finance was asked to look in to the issues raised.

Chairman