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Dear Member

AUDIT COMMITTEE - WEDNESDAY, 23 MARCH 2016

I am now able to enclose, for consideration at the Wednesday, 23 March 2016 meeting of the Audit Committee, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
2.	Minutes	(Pages 2 - 4)

Yours sincerely

Lisa Antrobus
Clerk



Minutes of the Audit Committee

20 January 2016

-: Present :-

Councillor Tyerman (Chairman)

Councillors Bent, O'Dwyer (Vice-Chair) and Stocks

21. Apologies

Apologies for absence were received from Councillor Robson and Alex Walling of Grant Thornton.

22. Minutes

The Minutes of the meeting of the Audit Committee held on 29 July 2015 and 23 September 2015 were confirmed as a correct record and signed by the Chairman, subject to:

- (i) Minute 9 of 29 July 2015, reference to 'Children Services 7 year plan' being amended to 'Children Services 5 year plan'; and
- (ii) Minute 14 of 23 September 2015 being amended to read:

'Members noted the 2014/2015 Annual Audit Letter which set out the key findings arising from the work undertaken by Grant Thornton, the Council's external auditors for the year ended 31 March 2015.'

23. Treasury Management Strategy 2016/17 (incorporating the Annual Investment Strategy 2016/17 and the Minimum Revenue Provision Policy 2016/17)

Members considered a report that outlined the Treasury Management Strategy which aimed to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2016/17 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

Members were informed that the report had been written based upon the assumption of the establishment of a £10 million investment fund being financed by prudential funding with the level of borrowing being spaced over several years.

The Chief Finance Officer explained that he was seeking authority to revise the approved 2015/16 Minimum Revenue Policy (MRP), if beneficial to the Council as a revision could result in a 'one off' financial gain. Members expressed concern at

extending the lifetime of payments the increase in interest would move the cost into future years. Members were advised that during the Corporate Peer Challenge it was highlighted that we had been financially prudent but as an authority we had never challenged whether we were being too prudent with a number of other local authorities having benefitted from revising their MRP during the year. Members requested a separate report be presented to the Council on revisions to the MRP.

Resolved:

That the Treasury Management Strategy for 2016/17 set out in Appendix 1 to the submitted report be endorsed, subject to

- (i) a separate report on revisions to the approved 2015/16 Minimum Revenue Policy being presented to Council on 25 February 2016; and
- (ii) paragraph 10.5 including a caveat of the Chief Finance Officer aiming to borrow within a preferred maturity range of 10 to 254 years to lock into affordable rates over the life of new assets, **if the conditions are right.**

24. Internal Audit - Half Year Report 2015/16

The Committee considered a report that sets the current position of the audit service provision, reviews work undertaken to date in 2015/2016 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

Chris Elliott, representing the Devon Audit Partnership, was pleased to advise Members that based on work performed during 2015/16 and their experience from the current year progress and previous years audit, the Head of Internal Audit's Opinion was of 'Significant Assurance' on the adequacy and effectiveness of the Council's internal control framework. Mr Elliott referred Members to the Executive Summary and highlighted areas where audit work had been completed and action plans had been agreed. Members were concerned that a number of audits planned for Children's Services and Innovation for the last two years had been deferred until future years and challenged who had the authority to defer the audits which inevitably had a knock on effect on the completion of the Internal Audit Plan. Members were advised that the request to defer planned audits for Children's Services and Innovation were probably made by the Director of Children's Services, going forward such instances would be reported to the Section 151 Officer and Monitoring Officer who if necessary would escalate such instances to the Senior Leadership Team.

Members sought reassurance from Mr Elliott that in his opinion the recommendations made by Internal Audit were being implemented and whether additional reporting to the Audit Committee was necessary. The Assistant Director for Corporate and Business Services advised that, rather than increasing the monitoring by Internal Audit, this role should be undertaken by the Senior Leadership Team with the Audit Committee continuing to receive the half year update.

25. Certification Work for Torbay Council for Year Ended 31 March 2015

Members noted the letter from Grant Thornton the Council's External Auditors setting out the certification work for Torbay Council for the year ended 31 March 2015.

Members were advised that one financial claim regarding housing benefit and subsidy was certified for the financial year 2014/15 relating to expenditure of £68 million. Members were pleased to note, that there were no issues arising as result of the certification which was testament to the work undertaken by officers.

26. Audit Committee Update for Torbay Council

Members noted the submitted report which set out the progress made by Grant Thornton in delivering their responsibilities as the Council's external auditors.

Members were informed that a team of external auditors were currently on site undertaking the interim accounts audit, the result of the fieldwork will be reported in the Audit Plan due to be presented at the 23 March 2016 Audit Committee.

Members were also advised of a number of publications on topics such as Audit Committee effectiveness and devolution. Copies of the publications would be forwarded to Members in due course.

27. Performance and Risk

Members noted an update on performance and risk. Since the last meeting of the Audit Committee, the Chairman had met with the Overview and Scrutiny Co-ordinator agreeing that the Audit Committee will receive regular data on performance and risk, with the Audit Committee referring to the Overview and Scrutiny Board any issues that may arise.

Members proceeded to receive an update on the Children Services and Adult Service's Working Party.

Chairman/woman