



## **Minutes of the Audit Committee**

**18 June 2019**

**-: Present :-**

Councillors Dart, Heyse, Hill, Howgate, Loxton, O'Dwyer and Bye

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### **178. Election of Chairman/woman**

Councillor Loxton was elected Chairman for the 2019/2020 Municipal Year.

**Councillor Loxton in the Chair.**

### **179. Appointment of Vice-Chairman/woman**

Councillor Heyse was appointed Vice-Chairman for the 2019/2020 Municipal Year.

### **180. Apologies**

It was reported that, in accordance with the wishes of the Conservative Group, the membership of the Committee had been amended for this meeting by including Councillor Bye instead of Councillor Kennedy.

### **181. Minutes**

The Minutes of the meeting of the Audit Committee held on 26 March 2019 were confirmed as a correct record and signed by the Chairman.

### **182. Audit Committee Terms of Reference**

Members noted the Terms of Reference for the Audit Committee and discussed the benefits of recruiting an Independent Person to provide continuity following an election.

Resolved:

That the Head of Governance prepare a person specification and advert to recruit an Independent Person.

### **183. Annual Audit Report 2018-19**

Members noted the Annual Audit Report for 2018-19. The Head of the Devon Audit Partnership informed Members that the Internal Audit Plan for 2018-19 was presented and approved by the Audit Committee in March 2018. The Annual Audit Report being considered by Members reviewed the work undertaken by

Internal Audit during 2018-19 and provided an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Head of the Devon Audit Partnership advised that based on the work performed and Internal Audit's experience from previous years, the Head of Internal Audit's Opinion was one of 'limited assurance' on the adequacy and effectiveness of much of the Authority's internal control framework. The exception being the Corporate Directorate where the Head of Internal Audit was able to provide 'Substantial Assurance'. The Head of the Devon Audit Partnership explained that there were some fundamental weaknesses found by Internal Audit with management putting in place plans to address the issues identified.

The Interim Director of Place briefed Members on the fundamental weaknesses within his Directorate and responded to Members questions.

#### **184. Annual Governance Statement 2018/2019**

Members considered a report that set out the Annual Governance Statement. Members were advised that the Annual Governance Statement provided the opportunity for the organisation to review its processes, controls and objectives and to provide assurance to Members, Senior Officers and stakeholders as to the reliability of its statement of accounts and the probity of its operations.

Resolved:

- i) That subject to the following amendments:
  - a) the section titled 'Partnership Working' being amended to make reference to the Local Enterprise Partnership;
  - b) the section titled 'Taking informed and transparent decisions which are subject to effective scrutiny and managing risk' being amended to include details of the Investment and Regeneration Committee including the requirement of the Investment and Regeneration Strategy to seek due diligence on investments; and
  - c) reference being made in respect of TOR2.

The draft Annual Governance Statement for 2018/2019 be agreed and forwarded to the External Auditors for comment; and

- ii) That the final Annual Governance Statement be presented to the Audit Committee when it considers the Statement of Accounts.

#### **185. Treasury Management Outturn 2018/19**

The Committee considered a report that provided details of the performance of the Treasury Management function in supporting the provision of Council services in 2018/19 through management of cash flow, debt and investment operations and the effective control of the associated risk.

The Head of Finance highlighted to Members:

- New borrowing of £33 million taken to fund the Capital Investment Fund and Capital Plan;
- Capital Financing Requirement fully funded at year end;
- Reduction in the overall average borrowing rate to 3.29%
- Annual investment rate achieved exceeded the market benchmark.

Members resolved:

- i) that the Treasury Management decisions made during 2018/19, as set out in the submitted report be noted; and
- ii) that the performance against the approved Prudential and Treasury Indicators as set out in Appendix 1 to the submitted report be noted.

**186. Corporate Performance Report: Quarter 4 2018/19**

Members received and noted the Corporate Performance Report for quarter four. The Head of Information Governance and Data Protection Officer drew Members attention to a number of areas including agency staff costs and handling of stage one complaints.

**187. Audit Progress Report and Sector Update**

Members noted a report that provided an update on the progress made by Grant Thornton to deliver their responsibilities as the Council's external auditors. The report also included a summary of emerging national issues and developments that were relevant to the Council.

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Chairman/woman