



Minutes of the Audit Committee

25 June 2014

-: Present :-

Councillor Tyerman (Chairman)

Councillors Addis, Brooksbank, Parrott and Pountney

1. Election of Chairman/woman

Councillor Tyerman was elected as Chairman for the 2014/2015 Municipal Year.

(Councillor Tyerman in the chair)

2. Apologies

An apology for absence was received from Councillor Bent.

3. Minutes

The Minutes of the meeting of the Audit Committee held on 19 March 2014 were confirmed as a correct record and signed by the Chairman.

4. Appointment of Vice-Chairman/woman

Councillor Pountney was appointed Vice-Chairman of the Audit Committee for the 2014/2015 Municipal Year.

5. Declarations of interests

Councillor Tyerman declared a non-pecuniary interest as he is a Trustee of the Torbay Coast and Countryside Trust.

Councillor Parrott declared a non-pecuniary interest as he is the Chairman of Action for Children Centres Advisory Board.

Councillor Addis declared a non-pecuniary interest as he is a member of the TOR2 Board.

6. Audit Committee Terms of Reference

Members received and noted the Terms of Reference for the Audit Committee as set out in the submitted report.

7. Audit Committee Update

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 advised that the 2013-14 final accounts audit was currently underway and would be concluded in August.

Members paid particular attention to the Local Government Governance Review and questioned whether such reviews looked at the timeliness of the production of reports. Members were advised that a governance review looks at an authority's governance arrangement in their totality. Internal Audit may look at internal governance arrangements of particular large projects or where there are significant changes to service delivery.

8. 2013/2014 Accounts Audit Plan

Members noted a report that set out the approach Grant Thornton would be using to audit the authority. The approach took account of the challenges the authority was facing and developments that were relevant to the business of the authority such as legislation changes. Members were advised that to date the findings of the interim audit work had not identified any weaknesses that would impact upon Grant Thornton's audit approach.

A member questioned if as part of the audit, commissioned services and the Council's liability would be investigated. Members were informed that the Council's overall resilience would take into account exposure to potential liability and how the associated risks were managed.

9. Housing Benefit Subsidy Certification Work Plan for Torbay Council

The Committee noted a report that set out the work plan for the certification of the housing benefit subsidy. Members were advised that the authority was required to submit its claim by 30 April 2014, with Grant Thornton having until 30 November 2014 to issue a certificate stating their findings.

10. 2014/2015 Audit Fee Letter

Members noted the 2014/2015 Audit Fee Letter which set out the scale of fee's which were determined by the Audit Commission.

11. Protecting the Public Purse Fraud Briefing 2013

Members noted a report that had been compiled by the Audit Commission and offered the Audit Committee the opportunity to consider Torbay's fraud detection performance, compared to similar local authorities and whether internal controls and systems of governance were sufficiently robust.

Members attention was drawn to Blue Badge disabled parking fraud, housing benefit and council tax benefit fraud. Members were advised of work that was due

to commence to ensure that the correct controls were in place to avoid the misuse of Blue Badges for disabled parking. Officers were also undertaking a proactive piece of work regarding the council tax single person discount. Updates on both areas of work would be presented to a future meeting of the Audit Committee.

12. Update on Food Safety, Health and Welfare, Licensing and Trading Standards

At the meeting of the Audit Committee on 22 January 2014, Members considered the 'Internal Audit Report 2013/2014 – Six Month Monitoring Report' which highlighted areas of fundamental weakness in Food Safety, Health and Welfare, Licensing and Trading Standards, with a follow up requested by Members at its meeting on 25 June 2014.

As requested the Executive Lead for Safer Communities, Highways, Environment and Sport, Executive Head for Community Safety, Environmental Health Manager (Commercial) were present to update Members on progress that had been made. Members were advised that due to an additional member of staff being employed and changes to the requirements of the Food Standards Agency the level of food hygiene inspections had increased. The Executive Head for Community Safety expected 100% of the category A to C premises would be inspected in the current financial year, subject to there not being a major health outbreak.

Members challenged whether the team would be able to adequately deal with a health outbreak considering current staffing levels. The Executive Head for Community Safety advised Members that should a health outbreak occur, the outbreak would be the priority for the team with the additional resource aiding the management of such an outbreak.

Members were reassured that the risk to public health was being addressed and the level of risk was reducing. Members also welcomed a follow up report from Internal Audit at the end of 2014.

13. Annual Governance Statement 2013/14

The Audit Committee considered a report that set out the Annual Governance Statement for 2013/14. Members were advised that the preparation of the Annual Governance Statement provided the opportunity for the organisation to review its processes, controls and objectives and provide Members, Senior Officers and stakeholder's reassurance as to the reliability of its statement of accounts and the probity of its operations.

Members referred to the assurance statement set out in the Internal Audit Annual Report which states:

'...our work within Children's Services has identified a number of issues of concern that are being considered and addressed by management, and these issues may require consideration by management for the Annual Governance Statement.'

Members sought reassurance from officers present that the work undertaken by internal audit and the comments made within the Internal Audit Annual Report had been fully considered by senior management.

Resolved:

That the Senior Management Team consider whether the Annual Governance Statement requires amending in light of the Internal Audit Annual Report.

14. Treasury Management Outturn

Members considered a report that provided information on the performance of the Treasury Management function in supporting the provision of Council services in 2013/14 through management of cash flow, debt and investment operations and the effective control of the associated risks.

Members challenged the return gained by the externally managed investments and queried if officers 'in-house' could secure a better financial return. Members were advised that officers can only invest with a limited number of counterparties and up to agreed limits due to concerns regarding their credit rating. Whereas, external brokers could access investments that the Council was not able to, ensuring a wider spread of investments.

Members also referred to the use of the average '7 day LIBID' rate for benchmarking and whether there was benchmarking undertaken with other local authorities. Members wished for any such benchmarking to be included in future reports.

Resolved:

- i) That the Treasury Management decisions made during 2013/14 as detailed in this report be endorsed;
- ii) that Council be recommended to endorse the Treasury Management decisions made during 2013/14 as detailed in the submitted report; and
- iii) that Council be recommended to approve the Prudential and Treasury Indicators as set out in Annex 1 to the submitted report.

15. Internal Audit Annual Report

Members considered and noted the Internal Audit Annual Report that reviewed work undertaken in 2013/14 and provided an opinion on the overall adequacy and effectiveness of the Authority's internal control environment. The report highlighted areas where fundamental weaknesses had been identified and the direction of travel since identification, overall Internal Audit were able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control framework.

Members referred to the fundamental weakness identified in Children's Services External Contracts and were advised that action plans had been put in place, however it was too soon to determine whether the action plan would affect the assurance rating. Members requested an update on progress be presented in 6 months time.

Chairman/woman
