



Minutes of the Audit Committee

18 January 2017

-: Present :-

Councillor Tyerman (Chairman)

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

(Also in attendance: Councillor Brooks)

72. Apologies

Apologies for absence were received from Councillors Barnby and Darling (D).

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 Lewis instead of Councillor Bent.

73. Minutes

The Minutes of the meeting of the Audit Committee held on 23 November 2016 were confirmed as a correct record and signed by the Chairman.

74. Urgent Items

The Chairman informed the Committee that at the Committee's meeting in March he would like to discuss whether the Audit Committee should remain meeting six times a year or whether to reduce the frequency to four times with the length of meeting being extended.

75. Treasury Management Strategy 2017/18 (incorporating the Annual Investment Strategy 2017/18 and the Minimum Revenue Provision Policy 2017/18)

Members considered a report that set out 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 2017/18 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

The Head of Finance informed Members that the figures detailed in the report were based upon quarter two reporting these would be updated with quarter three reports when presented to Council. Members requested the strategy provide closer links to capital and revenue reports and tables be improved to differentiate

between investments made as a result of the investment fund and other investments.

Resolved that subject to:

- i) The figures being updated to reflect quarter 3; and
- ii) The level of Peer to Peer Lending – individual loan being increased to £2,000 and tables showing borrowing levels separate those that Council business and those that are the Investment Fund.

Council be recommended to approve the Treasury Management Strategy.

76. Internal Audit Half Year Report 2016/17

Members considered a report that set out the current position of the audit service provision; reviewed work undertaken to date and provided an opinion on the overall adequacy and effectiveness of the Authority's internal control environment. Members were advised that based on work performed during 2016/17 and experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of 'significant assurance' on the adequacy and effectiveness of the Authority's internal control framework.

Members questioned the rationale for undertaking audits on Children's Services later in the year given the financial pressures and special measures of the department. The Head of Internal Audit explained that senior managers are consulted as to the appropriate timing of audits with the majority tending to start in September in order to avoid the school holidays. Members were advised that the fieldwork on Children's Services was due to finish by the 31 March in order to meet the deadline for the publication of the Annual Internal Audit Report.

Members noted the number of irregularity investigations that had been carried out across the Council's Directorates. Members were advised that the level of investigations were not abnormally high, the categories are dictated by CIPFA who require an annual return and provide comparators in order to assist internal audit to form an opinion.

77. Performance and Risk Report October and November 2016

Members received the performance and risk data for October and November 2016. The Policy and Performance Manager advised Members that the Promoting Healthy Lifestyles indicators were still being monitored against data from 2014/2015 which makes the outcomes difficult to monitor and relate to present day circumstances, potentially the impact of actions taken in 2016 not being known for several years.

Members noted that the number of permanent care home placements was increasing and expressed concern that further demand may be placed upon the system from the proposed closure of some local hospitals. Members requested

this indicator be monitored in order that the financial impact can be monitored and addressed if needed.

Member also challenged the agency staff indicator and requested whether it was possible to have the number of agency staff rather than the cost of agency staff.

Members further requested an overall review of the performance and risk indicators with input from the Senior Leadership Team, Mayors Executive Group, Audit Committee and Overview and Scrutiny Board, to determine whether the indicators are able to inform decision making.

78. Decision to opt in to the national scheme for Auditor Appointments with Public Sector Audit Appointment as the 'Appointing Person'

The Audit Committee considered a report that set out proposals for appointing the external auditor to the Council for 2018/19 accounts and beyond. The Head of Finance advised that the vast majority of local authorities had or would be opting into the Public Sector Audit Appointments (PSAA) contract which will produce better outcomes and will be less burdensome for the Council.

Resolved:

That Council be recommended to accept the Public Sector Audit Appointments' (PSAA) invitation to 'opt in' to the sector led option for the appointment of external auditors for five financial years commencing 1 April 2018.

79. Certification work for Torbay Council for year ended 31 March 2016

Members noted the report that set out the certification work undertaken on the Housing Benefit subsidy claim for the 2015/16 financial year which related to expenditure of £67.3 million.

80. Audit Committee Update Year ended 31 March 2017

Members noted a report that provided an update on Grant Thornton's progress in delivering their responsibilities as the Council's external auditors. Members were informed that work had commenced on the interim accounts audit with the final accounts audit scheduled to start on 5 June 2017 enabling an opinion to be issued in advance of the statutory deadline of 30 September 2017. Members were advised on a number of technical matters such as:

- Highways network asset accounting
- Changes to CIPFA's 2016/17 Code of Practice on Local Authority Accounting; and
- The 'Delivering Good Governance in Local Government: Framework (2016)' which will apply to the annual governance statements prepared for the 2016/17 financial year.