



Minutes of the Audit Committee

26 July 2017

-: Present :-

Councillor Tyerman (Chairman)

Councillors Barnby, Bent, O'Dwyer and Pentney

99. Apologies

An apology for absence was received from Councillor Stringer.

It was reported that, in accordance with the wishes of the Liberal Democrat Group, the membership of the Committee had been amended for this meeting by including Councillor Pentney instead of Councillor Stocks.

100. Minutes

The Minutes of the meeting of the Audit Committee held on 31 May 2017 were confirmed as a correct record and signed by the Chairman.

101. The Audit Findings for Torbay Council

Members considered a report that highlighted the key issues affecting the results and preparation of the Council's financial statements for the year ended 31 March 2017. Alex Walling, Engagement Lead for Grant Thornton, informed Members that the audit was substantially complete, draft financial statements and accompanying working papers were received in accordance with the agreed timetable. As in previous years early discussions with the Finance Team around key technical issues were also helpful. Members were informed that the audit did not identify any adjustments affecting the Council's reported financial position. However, an amendment to the gross expenditure and income in the Comprehensive Income and Expenditure Statement was identified along with a small number of adjustments to improve the presentation of the financial statements.

The Council's external auditors proposed to give a qualified 'except for' value for money (VFM) conclusion, on the council's arrangements for securing economy, efficiency and effectiveness in the use of its resources. Members were advised that whilst the Council had proper arrangements in all significant respects with the exception of Children's Services and progress had been made in implementing the Ofsted inspection action plan, until the inadequate rating for Children's Services is removed the VFM conclusion will be qualified.

Members were further informed that an objection to the Council's Statement of Accounts had been received from a Member of the Public. The objection was in relation to the retention of the parish council grant. Members noted that whilst the objection did not impact the audit opinion the audit certificate could not be issued until the Council's external auditors had fully considered the objection.

102. Statement of Accounts and Annual Governance Statement 2016/17

Members considered a report that sought approval of the Council's Statement of Accounts for the year ended 31 March 2017. The Accounts and Audit Regulations 2015 required approval of the accounts by a committee of the Council before 30 September 2017, the regulations also required approval of an Annual Governance Statement that informed Members of the Council's governance and internal control framework and any significant control issues.

Resolved that:

- (i) The Audit Committee reviewed the accounts including the significant accounting policies and considered the External Auditor's report and opinion on the accounts;
- (ii) following (i) above, the Council's Statement of Accounts for 2016/2017, as set out in pages 21 to 112 of Appendix 2 to this report;
- (iii) following approval of (ii) above, the person presiding at the meeting of the Audit Committee shall sign and date the accounts on behalf of the Council, to represent the completion of the Council's approval process of the accounts, in the 'Statement of Responsibilities for the Statement of Accounts' shown on page 23 of the Statement of Accounts; and
- (iv) that the letter of representation to Grant Thornton from the Council in relation to the 2016/17 Statement of Accounts, as circulated at the meeting, be approved.

103. Annual Audit Report 2016-17

Members noted the Annual Audit Report for 2016/2017, Members were informed that the report reviews the work undertaken during 2016/2017 and provides 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 upon work performed during 2016/2017, experience from the current year progress and previous years' audit, the Head of the Devon Audit Partnership was able to issue the opinion of 'Significant Assurance' on the adequacy and effectiveness of the Authority's internal control framework. The exception to this is in relation to Public Health and Children's Services where opinions are of 'Limited Assurance' due to the level of audit activity.

Members noted that Children's Services had received 'limited assurance' and were informed by the Head of the Devon Audit Partnership that his team had met with the Director of Children's Services who was committed to working with

Internal Audit to ensure continued improvement in those areas where recommendations were to be implemented.

104. Corporate Fraud Update

Members noted a report that outlined work that had been undertaken since the employment of the Corporate Counter Fraud Officer. Members noted that in January 2017 a Corporate Fraud Policy was introduced to assist the council to deter, prevent, detect, investigate and pursue all types of fraud affecting the authority accompanied with various reporting methods including a web based form, resulting in 59 allegations having been received. Members challenged whether the Corporate Counter Fraud Officer's time was spread too thin with activities requiring greater prioritisation. Members were advised that Senior Officers were clear that the focus of attention was on the maximisation of the Council Tax collection, however a business case had been put forward for consideration to expand the team.

105. Apprenticeship Levy

Members noted a report which outlined work undertaken to ensure the Council was prepared to make full use of the Apprentice Levy. Members were informed that levy funds can only be used to fund the cost of apprenticeship training and assessment, it does not include salary costs. The Council has therefore changed its strategy to reflect this and has reduced the number of 'new' apprentices it commits to employ each year. Members were advised that the funding can be used to train existing staff, therefore, as part of its workforce planning activities, the Council will use the funds to upskill existing staff, to support their continuing professional development and for succession planning.

106. Regulatory of Investigatory Powers Act 2000

Members noted a report that provided an update on current Regulations of Investigatory Powers Act 2000 (RIPA) and communications data authorisations. Members noted that whilst the Council had not undertaken any RIPA authorisations since 2008, it was necessary to ensure that all Members and staff are aware of the requirements of RIPA should the need arise. Members were informed that the Office of Surveillance Commissioners released updated procedures the resulting in the Council's local policy and procedures being updated in respect of the use of Social Networking Sites for surveillance.

Members were further advised that the Council was recently inspected by the Office of Surveillance Commissioners with verbal feedback having been positive the final inspection report would be presented to a future meeting of the Audit Committee.