



## **Minutes of the Audit Committee**

**21 January 2015**

**-: Present :-**

Councillor Tyerman (Chairman)

Councillors Addis, Bent, Brooksbank, Parrott and Pountney

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### **22. Minutes**

The Minutes of the meeting of the Audit Committee held on 24 September 2014 were confirmed as a correct record and signed by the Chairman.

### **23. Treasury Management Strategy 2015/16**

Members of the Audit Committee considered the Treasury Management Strategy that aims to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2015/16 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

Members considered the advantages and disadvantages of investing in a Property Fund but felt that the request needed greater understanding and debate. Members requested the Executive Head of Finance brief all councillors and present a separate report for consideration. The Committee also requested a number of changes to the recommendations to Council.

Resolved:

That the Treasury Management Strategy for 2015/16 set out in Appendix 1 to the submitted report be endorsed;

Council be recommended:

- i) That the Treasury Management Strategy for 2015/16 (incorporating the Annual Investment Strategy 2015/16) set out at Appendix 1 to the submitted report be approved;
- ii) that the Prudential and Treasury Indicators 2015/16 set out in Annex 1 of the submitted report be approved;
- iii) that in line with the Council's Constitution and Financial Regulations:

- a) the Chief Finance Officer be authorised to take any decisions on borrowing and investments. (Delegations to the Section 151 Officer, paragraph 3.1(a));
  - b) that the Chief Finance Officer be authorised to invest temporarily or utilise surplus monies of the Council; (Financial Regulations, paragraph 14.5); and
  - c) that the provisions outlined above exclude decisions to make loans to external organisations and that these require approval by Council. However loans of less than £50,000 to be approved by the Chief Finance Officer; and
- iv) that the Annual Minimum Revenue Provision Policy Statement for 2015/16 as shown in Annex 2 to the submitted report be approved.

#### **24. Internal Audit Half Year Report 2014/15**

The Committee noted Internal Audit's Half Year Report 2014/15. Members were advised of the current position of the audit service provision, reviews work undertaken to date in 2014/15 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

Rob Hutchins, Head of Audit Partnership informed the Committee that overall, and based on work performed during 2014/15 Internal Audit were able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control framework. Members challenged whether receiving 'reasonable assurance' meant that as an authority standards were beginning to decline. The Head of the Audit Partnership assured Members that the Council's core systems were getting better. However, services that were undergoing transformation pose the greatest threat to the Authorities internal control framework.

#### **25. Strategic Risk Management**

Members noted the report and were advised by the Executive Head of Commercial Services that the Policy, Performance and Review Team were currently refreshing the performance and risk management framework for the Council. She explained that the aim was to ensure that there was integration of the risk management framework through the organisation ensuring linkages between operational risk, strategic risks, performance and financial management.

The revised approach to performance and risk management identifies how the Council will meet its priorities, how the Council will monitor how well it is meeting those priorities and what are the risks associated with the priorities. Monthly monitoring reports will be prepared for consideration by the Senior Leadership Team who will review and challenge the Council's performance. Once a quarter, a report including performance, risk and financial management information will be considered by the Audit Committee.

**26. Audit Committee Update for Torbay Council**

Members noted the update on Grant Thornton's progress in delivering their responsibilities as the Council's external auditors. The update also included a summary of emerging national issues and developments; and a number of challenge questions in respect of these emerging issues.

**27. The Annual Audit Letter for Torbay Council**

The Committee noted the Annual Audit Letter that summarised the key findings arising from the work Grant Thornton had carried out at Torbay Council for the year ended 31 March 2014.

**28. Certification Report 2013/14 for Torbay Council**

The Committee noted a report that summarises the overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims. The key messages from the certification work were set out in the submitted report.

**29. Protecting the Public Purse Fraud Briefing 2014**

Members noted the report that provided a source of information to support councillors in considering their council's fraud detection activities. Members challenged the value of the data when considering the council's performance against other unitary authorities that may not be statistically similar and would prefer to compare with historical data for Torbay to evaluate the direction of travel.

**30. Annual Assurance Letter from Audit South West**

The Audit Committee noted the Annual Assurance Letter from Audit South West.

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Chairman/woman