



## **Minutes of the Audit Committee**

**29 July 2015**

**-: Present :-**

Councillors Bent, O'Dwyer, Robson, Tyerman and Stocks

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

Councillor Tyerman was elected as Chairman for the 2015/2016 Municipal Year.

(Councillor Tyerman in the chair)

### **2. Apologies**

An apology for absence was received from Councillor Stockman.

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 Stocks instead of Councillor Darling.

### **3. Minutes**

The Minutes of the meeting of the Audit Committee held on 18 March 2015 were confirmed as a correct record and signed by the Chairman.

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

Councillor O'Dwyer was appointed Vice-Chairman of the Audit Committee for the 2015/2016 Municipal Year.

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

Members of the Committee requested the Terms of Reference be updated to reflect the Committee's responsibilities in respect of Treasury Management and Regulation of Investigatory Powers Act 2000 (RIPA). Members were advised technical amendments to the Constitution could be made by the Monitoring Officer in consultation with the Group Leaders.

Resolved:

That the Chief Finance Officer in consultation with the Chairman be authorised to propose amendments to the Audit Committee Terms of Reference for the Monitoring Officer and Group Leaders to consider.

## **6. Torbay Council Audit Findings Report 2014/15**

Members noted a report that highlighted key matters arising from Grant Thornton's audit of the Council's financial statements for the year ending 15 March 2015. As the Council's external auditors Grant Thornton are required to provide their opinion on whether the Council's financial statements present a true and fair view of the financial position, expenditure and income for the year and whether the financial statements have been made in accordance with the CIPFA Code of Practice on Local Authority Accounting. Members were also informed that Grant Thornton were also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Members were advised that Torbay would be one of the first local authorities in the South West to receive an opinion of their financial statements. Mark Bartlett of Grant Thornton advised that the draft accounts were produced to a good standard, the audit was facilitated by good supporting working papers and excellent assistance from the finance team. Grant Thornton had not identified any adjustments affecting the Council's reported financial position and as such was able to anticipate providing an unqualified opinion in respect of the financial statements.

## **7. Statement of Accounts and Annual Governance Statement 2014/15**

Members were advised that the Accounts and Audit Regulations 2011 require approval of the Council's Statement of Accounts and Annual Governance Statement for the year ended 31 March 2015 by a Committee of the Council before 31 September 2015.

Members paid particular attention to the pension liability (as set out in the table at Appendix 1 under heading 'Material Assets or Liabilities acquired – Assets'). Members sought clarification on the criteria that would enable a scheme to be placed in the 'other scheme' category as this totalled £13.4 million. In response the Chief Finance Officer agreed to circulate the criteria and provide a web link to the most recent capital outturn report.

Members proceeded to consider the Annual Governance Statement (AGS). The Assistant Director for Corporate and Business Services advised the Committee that the AGS had been compiled using a new format as the previous AGS did not make reference to the Code of Corporate Governance. Taking account of the Code of Corporate Governance, this had resulted in a change of emphasis with the AGS becoming a document that evolves and is built upon throughout the year rather than written in hindsight.

Members requested a separate statement regarding the Audit Committee holding the Mayor and executive to account from the Overview and Scrutiny Board, to enable the Audit Committee to undertake investigations in order to seek assurance that the appropriate controls are in place.

Resolved:

- i) that the Audit Committee reviewed the accounts including the significant accounting policies and considered the External Auditor's report and opinion on the accounts:
- ii) that the Assistant Director of Corporate and Business Services be authorised to correct typing errors and amend the following statement:  

'The Audit Committee and Overview and Scrutiny Board have met throughout the year to hold the Mayor and executive to account and therefore provide assurance.'
- iii) that subject to the amendments in ii) above the Annual Governance Statement as set out in pages 98 to 110 of Appendix 2 to the report be approved;
- iv) that the Council's Statement of Accounts for 2014/15, as set out in pages 14 to 97 of Appendix 2 to the report be approved;
- v) that the Chairman of the Audit Committee 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 16 of the Statement of Accounts;
- vi) that the Letter of Representation to Grant Thornton from the Council in relation to the 2014/15 Statement of Accounts, as set out in Appendix 1 to the report be approved; and
- vii) that the Chief Finance Officer establish a schedule of training on the Statement of Accounts, including a workshop when the accounts are in draft form, for Members of the Audit Committee.

## **8. Treasury Management Outturn 2014/15**

The Committee considered a report that informed Members of the performance of the Treasury Management function in supporting the provision of Council services in 2014/15 through management of cash flow, debt and investment operations and the effective control of the associated risks.

The Chief Finance Officer advised Members that a briefing had been arranged for September. Several advisors on investment methods would be present in order for Members and Officers to consider different investment approaches with a report then being presented to the Audit Committee on 23 September 2015.

## **9. Annual Audit Report 2014/15**

Members were advised that the Audit Committee, under its Terms of Reference, was required to consider the Chief Internal Auditor's Annual Report, in order to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Chief Internal Auditor informed Members that Internal Audit had not identified any fundamental weaknesses with only 14 areas 'requiring improvements' during 2014/15 – overall a reasonably positive report given the changes that the authority had undergone.

Members queried why some partner organisations were not required to have an internal audit function. Members were advised should they require assurance on partners governance arrangements, the contracts would need to specify such a requirement. Members requested future contracts include arrangements to require independent assurance from the contractor or retain the right for the Council's internal audit team to undertake an examination and evaluation of the governance arrangements.

Members noted that a significant amount of work on Children Services had been deferred due to the changes that were being implemented. Members were advised that the issue had been raised with the Senior Leadership Team and the Chief Internal Auditor had been reassured that a plan would be in place in order for Internal Audit to review the processes. Members were further informed that the Internal Audit Team had been asked to undertake a review on the Children Services 7 year plan.

Members sought reassurance that the savings plan was being monitored adequately, the Assistant Director of Corporate and Business Services agreed to forward the budget tracker to the Chief Internal Auditor for him to assess whether there would be any added value to include in internal audit reports.

#### **10. Regulation of Investigatory Powers Act 2000**

Members considered a report that reminded Members of the amendments to the guidance on the use of RIPA and the 2014 inspection recommendations.

Members acknowledged that the Council had not undertaken a RIPA authorisation since 2008 and requested future updates include information on investigation powers that were below the RIPA level in order for the Council's use of RIPA to be put into context.

Resolved:

- i) that the Audit Committee receives quarterly reports from the RIPA Co-ordinator on the use of RIPA within the Council; and
- ii) that the proposed actions to be taken by the RIPA Co-ordinator in response to the Office of the Surveillance Commissioner's inspection of the Council's RIPA procedures and their recommendations as set out in paragraph 4.15 of the submitted report be noted.

**11. Performance and Risk Framework**

Members noted the report and were informed that despite the withdrawal of the Corporate Plan officers were continuing to work towards delivery plans along the lines of the themes contained within the plan. Members were advised that a managers working group would be set up in order to review and challenge risks and mitigation. The group would also provide service level managers the opportunity to feed into the strategic risks encouraging greater ownership.

Members welcomed the update and requested the risk dashboards be populated in line with the themes set out in the draft Corporate Plan – plan on a page.

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Chairman/woman