



Minutes of the Audit Committee

27 July 2016

-: Present :-

Councillor Tyerman (Chairman)

Councillors Bent, Darling (S), O'Dwyer (Vice-Chair), Stocks and Sykes

46. Minutes

The Minutes of the meeting of the Audit Committee held on 25 May 2016 were confirmed as a correct record and signed by the Chairman.

47. Urgent Items

The Committee considered the item in Minute 48, and not included on the agenda, the Chairman being of the opinion that it was urgent by reason of special circumstances i.e. the matter having arisen since the agenda was prepared and it was unreasonable to delay a decision until the next meeting.

48. Devon Audit Partnership

The Chairman advised that membership of the Devon Audit Partnership consisted of the Chairman and Vice-Chairman of the Audit Committee. Due to a recent issue of attendance the partnership would accept substitutes from the Audit Committee should either the Chairman or Vice-Chairman be unable to attend.

49. 2015/2016 Annual Audit Report

Members considered the 2015/2016 Annual Audit Report, the report sets out the background to the audit service provision, reviews work undertaken in 2015/16 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 2015/16, 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. However the Head of Internal Audit was only able to provide limited assurance in relation to Children's Services and Innovation due to the level of audit activity within this directorate due to the impact of external inspections and other conflicting requirements.

Members referred to the concerns raised in relation to Section 106 arrangements and the risks relating to a lack of an overarching monitoring process. The

Assistant Director Corporate and Business Services informed Members that the Head of Service for Spatial Planning was currently working with colleagues and considering software packages to electronically track the Section 106 process. What is lacking is a unified system and the risk is around when a development reaches a Section 106 trigger point. Members requested a review of progress and an update on the implementation of the Community Infrastructure Levy be presented to a future meeting.

Members requested the internal audit report on school place planning be presented to the next meeting as a recent report to Council would suggest that school places are operating at a minimum level.

Members noted that an audit was currently being undertaken on Sports Facilities and questioned whether the Head of Devon Audit Partnership had a definition of a sport lease and commercial lease. The Assistant Director of Corporate and Business Services advised Members that a definition of a sports lease would be made available.

Members questioned the Head of Devon Audit Partnership on differences between his report and the 2015/2016 Audit Findings Report provided by external audit regarding the IT security logs, removing administrative access from those responsible for payroll management and frequency of resetting passwords. Members requested that a formal response from the Senior Leadership Team be sought regarding the management response provided by the Executive Head of Customer Services in Appendix A: Action Plan of The Audit Findings for Torbay Council be included on the next agenda.

50. 2015/2016 Audit Findings Report

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 2016. 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 which was also a week earlier than in 2014/15. A number of 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 but a number of small recommendations were made to improve the presentation of the financial statements.

Members were advised that following a review of the Council's arrangements to secure economy, efficiency and effectiveness issues had been highlighted that had resulted in a qualified value for money (VFM) conclusion. Alex advised that as the Council's external auditor they had concluded the Ofsted report on Children's Services highlighted weaknesses in proper arrangements for understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management, and for planning, organising and developing the workforce effectively to deliver strategic priorities. A qualified opinion was not unusual for an authority that had received a report of this type.

Alex and the Audit Committee thanked the Chief Finance Officer and his team for their assistance and responsiveness to the requests made by external auditors.

51. Statement of Accounts and Annual Governance Statement 2015/16

Members considered a report that sought approval of the Council's Statement of Accounts for the year ended 31 March 2016. The Accounts and Audit Regulations 2015 required approval of the accounts by a committee of the Council before 30 September 2016, 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.

Members queried whether a review would be undertaken regarding the governance of the Torbay Air Show in particular the management of risks throughout the process and the reporting to Members when risks had changed. Officers were requested to seek clarification as to whether the Overview and Scrutiny Board would be undertaking such a review.

The Chief Finance Officer thanked the External Audit Team for their assistance and approach to the auditing of the accounts and requested the recommendation set out in the report be amended to approve the revised Annual Governance Statement.

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 2015/16, as set out in pages 15 to 105 of Appendix 2 to the submitted report be approved;
- (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 17 of Appendix 2 to the submitted report;
- (iv) the Letter of Representation to Grant Thornton from the Council in relation to the 2015/16 Statement of Accounts, as set out in Appendix 1 to the submitted report, be approved; and
- (v) the revised Annual Governance Statement for 2015/16 be re-approved.

52. Treasury Management Outturn 2015/16

Members received a report that afforded them the opportunity to review the performance of the Treasury Management function.

Members queried whether consideration should be given to increasing the level of investments made via funding circle. The Chief Finance Officer advised that such a change would require a change to the Treasury Management Plan and could be considered during the mid year treasury management review.

53. Local Government Corporate Peer Challenge Action Plan

The Committee noted a report that provided an update on the progress made on implementing the Local Government Association (LGA) Corporate Peer Challenge Action Plan. The Assistant Director of Corporate and Business Services informed Members that the Senior Leadership Team (SLT) update and review the action plan on a monthly basis, SLT recognised and accepted that in some area progress hadn't been as expected.

Members challenged the progress on a number of areas and requested that an informal meeting of Members be convened in September in order to review the targets and focus on the finance related actions.

54. Performance and Risk

Members noted the report and requested up to date data be circulated in order for Members to identify areas that they wish to undertake a 'deep dive' at the Audit Committee on 7 September.

55. Regulation of Investigatory Powers Act 2000 (RIPA)

Members noted a report that provided an update on current Regulation of Investigatory Powers Act 2000 (RIPA) authorisations and provided further information on the use of RIPA in relation to communications data.

Chairman/woman