



## **Minutes of the Audit Committee**

**31 May 2017**

**-: Present :-**

Councillor Tyerman (Chairman)

Councillors Bent, Barnby, O'Dwyer and Stocks

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**91. Election of Chairman/woman**

Councillor Tyerman was elected Chairman for the 2017/2018 Municipal Year.

**92. Appointment of Vice-Chairman/woman**

Councillor O'Dwyer was appointed Vice-Chairman for the 2017/2018 Municipal Year.

**93. Apologies**

Apologies for absence were received from Councillor Stringer, Alex Walling – Grant Thornton and Rob Hutchins – Internal Audit.

**94. Minutes**

The Minutes of the meeting of the Audit Committee held on 23 March 2017 were confirmed as a correct record and signed by the Chairman.

**95. Audit Committee Terms of Reference**

Members noted the Audit Committee's Terms of Reference.

**96. Annual Governance Statement 2016/2017**

In accordance with the Committees Terms of Reference, Members considered the draft Annual Governance Statement (AGS). Members were informed that the AGS provides the opportunity for the organisation to review its processes, controls and objectives and to provide assurance to Members, Senior Officers and stakeholders as to the reliability of its statement of accounts and probity of its operations.

The statement is wide ranging and sets out publicly the extent to which the Council complies with its own code of corporate governance, including how it monitored and evaluated the effectiveness of its governance arrangements in the year and on any planned changes in the coming year.

Members felt that some of the governance issues had potentially been glossed over and requested that they have the opportunity to meet with the Assistant Director of Corporate and Business Services in order to have a more in-depth conversation of the issues raised. Members also felt Appendix 2 should be removed as it did not add anything and included achievements that were outside the period covered by the AGS.

Resolved:

That the draft Annual Governance Statement be agreed and forwarded to the External Auditors for comment subject to:

- i) The removal of Appendix 2 and any references made to Appendix 2 being amended; and
- ii) The first paragraph under 'Community and Service User Engagement' being amended to read:

'There are also a number of Community Partnerships across Torbay which provide an opportunity for **those** people who live or work in the different parts of Torbay to discuss issues of common concern, influence the way in which services are provided and improve their local area.'

## 97. Treasury Management Outturn Report

The Committee considered a report that informed Members of the performance of the Treasury Management function in supporting the provision of Council services in 2016/17 through management of cash flow, debt and investment operations and the effective control of the associated risks. The Head of Finance detailed the 'headline points' of the report and explained these had resulted in a very different picture to 12 months ago and the Local Authority was transitioning from a low borrowing authority to an actively borrowing authority.

Members referred to Funding Circle operations noting that Funding Circle had recently advised that they are changing their business plan to focus on loans to small businesses and will scale down new property development loans. Members therefore requested, the Chief Finance Officer review the restriction he placed upon Funding Circle operations to only loans where the Council held a first charge on borrower assets.

Members also requested paragraphs 8.4 to 8.10 be reworked to provide greater clarity, with the Council's debt commitments being separated into debt as a result of the Council's core responsibilities and debt incurred as a result of investment in order to avoid confusion when presented to Council.

Resolved:

That the report be noted subject to paragraphs 8.4 to 8.10 being re-worded.

**98. Progress Report and Update Year ended 31 March 2017**

Members noted the update report that amongst other things advised Members that the Council's External Auditors would be commencing their preparatory work on the statement of accounts imminently.

Members sought the views of Mark Bartlett (Audit Manager for Grant Thornton) on local authorities purchasing assets outside of their area. Members were informed that various local authorities had directly purchased assets themselves with others having done so via a management company, Mark advised the challenge posed to the local authority would be 'what powers do you have to purchase assets out of area as such purchases would not be permissible under the well-being powers'.

Members also referred to the Council's pension liability and requested an all Member briefing be arranged prior to the Audit Committee considering the Council's Statement of Accounts to cover the following topics:

- The recent actuarial review;
- The Brunel Partnership; and
- The 16/17 year end actual valuation.

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Chairman/woman