



Minutes of the Audit Committee

24 January 2018

-: Present :-

Councillor Tyerman (Chairman)

Councillors Barnby, Bent, Darling (S), O'Dwyer, Morey and Stocks

116. Apologies

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 Darling (S) instead of Councillor Long.

117. Minutes

The Minutes of the meeting of the Audit Committee held on 28 September 2017 were confirmed as a correct record and signed by the Chairman.

118. Internal Audit Report - Follow Up Report on Areas Requiring Improvement

Members of the Audit Committee considered a report that provided an update on progress made in areas that had previously been deemed as requiring improvements. The progress made in some areas means the previously identified risks are being minimised or mitigated where appropriate. However the lack of progress made in some action plans means a number of the risks previously identified and highlighted to management continue to remain. In particular there remain areas where progress has been limited and this includes Emergency Planning and Business Continuity and a number of audits within ICT and Children's Services.

The Director of Corporate Services and Operations advised Members that there had been some delays in implementing the actions in relation to Emergency Planning and Business Continuity. It had become apparent that the resources made available to Emergency Planning by the Council had been reduced too far, with some proposals going forward in the budget to facilitate work that would result in a joined up approach of emergency planning and risk management. Members challenged whether appropriate officers were trained to effectively manage an emergency situation. Historically training has been voluntary with managers declining to undertake the role, however as an organisation people need to be trained and the Senior Leadership Team will be asked to strongly support Emergency Planning in identifying appropriate staff.

Members requested the Director of Corporate Services and Operations to provide an interim update with a formal report of progress being presented to the Audit Committee on 21 March 2018.

Members noted that a TOR2 Project Board had been established as part of the Transformation programme and requested the Executive Head of Assets and Business Services provide evidence that the board was working effectively.

119. Internal Audit - Half Year Audit Report 2017-18

Members considered a report that set out the current position of the audit service provision; reviewed work undertaken to date and provided an opinion on the overall adequacy and effectiveness of the Authority's internal control environment. Members were advised that based on work performed during 2017/18 and experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of 'significant assurance' on the adequacy and effectiveness of the majority of the Authority's internal control framework. The exceptions to this were Public Health and Children's Services, where opinions were of 'Limited Assurance' due to the level of audit activity in previous years. Members were also advised that comparators for the irregularities detailed in the Fraud Prevention and Detection section of the report would be provided in the Annual Report.

Members noted that a schedule of fees had been agreed by the Council and the TDA and sought clarification as to whether market testing of the fees had been undertaken. The Head of Finance advised Members that the fees had been based upon reasonable assumption of their costs and therefore it was acceptable for the Council to sign a protocol that outlines the key assumptions for the financial transactions between the Council and the TDA.

120. Treasury Management Strategy 2018/19 (incorporating the Annual Investment Strategy 2018/19 and the Minimum Revenue Provision Policy 2018/19)

Members were informed that the Treasury Management Strategy aims to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2018/19 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

Members were advised that in late December 2017 CIPFA issued revised code of practice for both Treasury Management and the prudential code, in addition in December DCLG also issued a consultation on capital finance regulations and guidance on the calculation of the Minimum Revenue Provision (MRP). Members sought clarification as to whether MRP would apply to assets held by a subsidiary company, would the subsidiary company have to conform to the guidelines set out in the consultation document. Members were advised that the MRP guidance may not apply however the transparency code would with both codes placing greater emphasis on due diligence.

Members questioned whether there were opportunities to use the treasury management function for a local authority credit union. The Head of Finance explained that a credit union would not be a treasury management issue but for the Executive Head for Community Safety to consider and determine whether such a service would be successful for both the community and the Council.

Prior to the Treasury Management Strategy being presented to Council Members requested that a table be amended or included to show the borrowing for investments with historical comparators and future projections.

121. Certification work for Torbay Council for year ended 31 March 2017

Members noted the report that set out the certification work undertaken on the Housing Benefit subsidy claim for the 2016/17 financial year which related to expenditure of £64.9 million.

Mark Bartlett, Engagement Manager for Grant Thornton, informed members that errors had been found where assessors had incorrectly calculated claimants' average weekly wage, leading to an extrapolated error. Members were advised that such errors were not uncommon, however it was unusual for Torbay. As a result the Council's External Auditors would be undertaking specific testing in this area in 2017/18. Members were advised that the Head of Service was investigating to see if there was a pattern, whether it was a training issue, particular individual or team. This area will also form part of the Internal Audit Plan for the forthcoming year.

122. Torbay Council Audit Committee Update - January 2018

Members considered a report that detailed the progress Grant Thornton had made in delivering their responsibilities as the Council's external auditors. The report also provided a summary of emerging national issues and developments along with a timeline for audit deliverables.

Chairman/woman