



Minutes of the Audit Committee

25 July 2018

-: Present :-

Councillor Tyerman (Chairman)

Councillors Bent, O'Dwyer, Long and Morey

146. Apologies

Apologies for absence were received from Councillors Barnby and King.

147. Minutes

The Minutes of the meeting of the Audit Committee held on 22 May 2018 were confirmed as a correct record and signed by the Chairman.

148. Audit Findings - Year ending 31 March 2018

Members considered and noted a report that highlighted the key issues regarding the Council's financial statements for the year ended 31 March 2018. Alex Walling, Associate Director of Grant Thornton informed Members that they completed their examination of the Council's financial statements during May and June, the draft accounts were produced to a good standard and the audit was facilitated by good supporting working papers. The examination did not identify any adjustments affecting the Council's reported financial position and concluded that the financial statements, which includes the Statement of Accounts, Annual Governance Statement and Narrative Report, are consistent with Grant Thornton's (external auditors) knowledge of the Council and with the financial statements audited. Alex advised that she anticipated issuing an unqualified audit opinion following today's Audit Committee meeting.

Alex further explained that as the Council's external auditors they proposed to give a qualified value for money (VFM) conclusion, on the council's arrangements for securing economy, efficiency and effectiveness in the use of its resources, except for in relation to 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. This is consistent with other council's whose Children Services had also been rated as inadequate by Ofsted.

149. Statement of Accounts and Annual Governance Statement 2017/18

Members considered a report that sought approval of the Council's Statement of Accounts for the year ended 31 March 2018 by a committee of the Council before

30 July 2018. The Head of Finance informed Members that the accounts show a true and fair view of the financial position of the Council's income and expenditure for the year 2017/18 and its assets and liabilities as at 31 March 2018.

Members referred to and sought an explanation in respect of the table showing the Council's reserve funds in particular the 'unusable reserve fund' which was showing a negative value. The Head of Finance explained that the unusable reserve fund shows a negative value due to the pension liability, whilst asset valuations are increasing, any increase is offset by the pension liability.

Members referred to the narrative and challenged whether the narrative was more positive than the reality it was meant to reflect. Members were informed that the Council's external auditors had examined the narrative and had requested changes be made in order that the narrative correlated with what they knew about the authority.

Resolved:

- i) That having reviewed the accounts including the significant accounting policies and considered the External Auditors report and opinion on the accounts, the Council's Statement of Accounts and Annual Governance Statement for 2017/18 be approved;
- ii) that following approval of i) above, the person presiding at this meeting 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" in the Statement of Accounts; and
- iii) that the Letter of Representation to Grant Thornton from the Council in relation to the 2017/18 Statement of Accounts, as set out in Appendix 1 to the submitted report, be approved.

150. Corporate Fraud Update

Members noted a report that provided an update on the work undertaken by the Corporate Counter Fraud Officer. Work has thus far concentrated on the Council's income to ensure the collection fund is maximised. This work had resulted in the review of single persons discount awarded to single occupants of properties. Discounts on 790 accounts were removed reflecting a £266,000 increase in the Council Tax charge base.

Members were advised that Torbay will be taking part in a pilot involving the National Fraud Initiative strand of the Cabinet Office. The pilot will match business rates data against other data already held. Stringent checks have been introduced to prevent fraud and protect business rate income. Procedures now necessitate the provision of supporting documentation when a change of circumstances is reported. An online reporting form has been introduced to support the process.

Members noted that a blue badge fraud campaign will commence in Autumn, which whilst not a direct cost to the Council, such fraud has potential to damage revenue and the Council's reputation.

151. Regulation Investigatory Powers Act 2000 Update

Members noted an update regarding the Council's use of Regulation of Investigatory Powers Act (RIPA).

152. Whistleblowing Complaints

Members noted the report and exempt appendix.

Chairman/woman