



Minutes of the Audit Committee

8 December 2010

-: Present :-

Councillors Addis, Charwood, Oliver, Richards and Stringer

401. Apology.

An apology for absence was received from Councillor Kerlake.

402. Minutes.

The Minutes of the meeting of the Audit Committee held on 17 September 2010 were confirmed as a correct record and signed by the Chairman.

403. Audit Progress Summary to 29 November 2010.

The Committee noted Report 310/2010 which set out work that the Audit Commission had undertaken since the last meeting of the Audit Committee on 17 September 2010.

The Executive Head of Governance informed the Committee that officers had examined the new finance improvement tool, which was produced by the Audit Commission and was designed to help councils respond to the financial impact of an ageing population. He advised Members that a number of the points that the Audit Commission raised Torbay Council and its partners had already been dealing with.

404. Audit of the Financial Statements

Members noted Report 311/2010 which set out the findings of the Audit Commissions audit of the financial statements and the work undertaken to address the risks identified and reported in the Audit Commissions 2009/10 Interim Audit Report. Steve Brown of the Audit Commission advised that he was able to conclude that following a programme of substantive testing to address the risks arising from the control weaknesses identified and reported during the interim audit he was able to conclude that there was no material misstatement.

405. Annual Audit Letter 2009/2010

The Committee noted and endorsed the action plan in Report 312/2010, Members were advised that the audit was conducted by the Audit Commission and covered two elements, the audit of the Council's financial statements and the Audit Commissions assessment of the Council's arrangements to achieve value for money. Steve Brown of the Audit Commission informed Members that he was able to give an unqualified opinion and thanked the Council for its positive and helpful approach to the Audit Commissions audit.

406. Head of Internal Audit's Six Month Internal Audit Progress Report 2010/2011

Members noted Report 313/2010 which summarised the work undertaken by the Devon Audit Partnership during the first six months of 2010/11. The Report provided a review of the performance and effectiveness of the Internal Audit Service and provides an audit opinion on the adequacy of Torbay's internal control environment.

Members sought clarification as to whether schools gaining academy status would have an impact upon the Audit Plan. Officers advised that schools with academy status had indicated that they would be interested in seeking assistance from the Devon Audit Partnership when implementing their control systems, however ultimately it would be the Governors of the school's responsibility to ensure they have adequate control systems in place.

407. Treasury Management Strategy 2011/12 (incorporating the Annual Investment Strategy 2011/12 and the Annual Minimum Revenue Provision Statement)

The Committee noted Report 309/2010 which outlined the Treasury Management Strategy 2011/12 which aimed to support the provision of all Council services by the management of the Council's cash flow, debt and investment operations in 2011/12 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

Officers advised Members that the suggested strategy for 2011/12 was based upon the Treasury officers' views on interest rates, supported by market forecasts provided by the Council's treasury advisor.

408. Treasury Management Mid-Year Review 2010/11

Members noted Report 208/2010 which provided a mid year review of treasury management activities in 2010/11. The Principal Accountant advised that the CIPFA Code of Practice for Treasury Management required a mid year review of the performance of treasury management to be reported. He further advised that the mid year review covered a number of areas including interest rate update, revenue budget performance and compliance with prudential limits for 2010/11.

409. National Fraud Initiative

The Committee noted Report 316/2010 which provided an update on the National Fraud Initiative. Officers advised that the data from the Audit Commission had enabled the Council to be aware more promptly than otherwise, of a change in circumstances that resulted in the Council being able to take positive corrective action. Members requested officers ascertain if it was standard practice for prosecuting officers to seek court orders for the repayment of the overpayments.

410. Internal Audit Reports: Climate Change, Debtors, General Ledger and Payroll

Members considered exempt Report 314/2010 which set out areas of risk and the equivalent action plans in relation to climate change. Members also received an update on debtors, general ledger and payroll.

(**Note:** Prior to consideration of the item in Minute 410 the press and public were formally excluded from the meeting on the grounds that the item involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).)

Chairman
