

At a Meeting of the **AUDIT COMMITTEE** held in Meeting Room 3, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **19th** day of **June 2018** at **9.30am**

Present: Cllr M Davies (Chairman)

Cllr W G Cann OBE

Cllr B Lamb

Cllr L Watts

Officers in attendance:

Section 151 Officer;

Finance Community Of Practice Lead;

Finance Business Partner;

Support Services Specialist Manager;

Monitoring Officer;

Internal Audit Manager; and

Senior Specialist – Democratic Services.

Also in attendance: Cllr C Edmonds (lead Hub Committee Member)

*** AC 1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllrs K Ball, L J G Hockridge and B Stephens.

*** AC 2 CONFIRMATION OF MINUTES**

The Minutes of the Committee Meeting held on 20 March 2018 were confirmed and signed by the Chairman as a correct record.

*** AC 3 DRAFT STATEMENT OF ACCOUNTS 2017-18 AND ANNUAL GOVERNANCE STATEMENT 2017-18**

The Committee considered a report that presented draft versions of the Statement of Accounts for 2017-18 and the Annual Governance Statement for 2017-18.

In particular, the report advised Members that an underspend of £72,000 was generated in 2017/18, which had been transferred to the General Fund Balance.

In discussion, the following points were raised:-

- (a) The Committee and lead Hub Committee Member paid tribute to the achievements of the Finance Community Of Practice in meeting the requirement to publish the Council's Accounts a month earlier than in 2016/17;

- (b) In reply to a question, the Section 151 Officer expressed the view that the financial standing of the Council was 'sound' for the short to medium term. Whilst Members were optimistic at this view, it was recognised that there was still much work for the Council to do to improve its financial standing for the medium to long term;
- (c) The Committee noted that officers were aiming to present the Council's Pension Strategy to the meeting scheduled for 24 July 2018. Should this not be possible, then it was confirmed that this agenda item would be presented to the Committee meeting on 9 October 2018;
- (d) Officers confirmed that the audit work in relation to the Council's Housing Benefit Subsidy Claim for 2018-19 had been separated out from the main audit. As a consequence, expressions of interest had been sought and, having submitted the cheapest quotation, officers had opted to recommend the appointment of KPMG to undertake this piece of work.

It was then **RESOLVED** that:

1. the Draft Statement of Accounts and the Draft Annual Governance Statement for the financial year ended 31 March 2018 be noted; and
2. the Council notifies the Department for Work and Pensions that it will appoint KPMG as its appointed 'Reporting Accountant' for 2018-19 for the Housing Benefit subsidy claim (as detailed in Section 4 of the presented agenda report).

*** AC 4 INTERNAL AUDIT ANNUAL REPORT 2017/18**

The Committee was presented with a report that summarised the work undertaken by the Council's Internal Audit team during 2017/18. The report also sought to review the performance of the Internal Audit service and provided an audit opinion on the adequacy of internal control.

In discussion, reference was made to:-

- (a) those projects that had been issued a 'fundamental weaknesses' Audit Opinion. The Internal Audit Manager confirmed that both identified areas (Section 106 Agreements and Business Continuity Plan) had made demonstrable progress and the Committee received assurances that both would be kept under regular review;
- (b) counter fraud arrangements. The Internal Audit Manager confirmed that counter fraud arrangements remained a high priority for the Council and it was acknowledged by Members that these assisted in the protection of public funds and accountability;
- (c) the Internal Audit Team. By way of an update, the Committee noted that the member of the team who had suffered a serious accident had now returned to work. Whilst elements of the absence had been backfilled by the Devon Audit Partnership, Members were advised that the Audit Plan for 2017/18 had not been fully completed.

It was then **RESOLVED** that:

1. The Committee approve that, overall and based on work performed during 2017/18 and that of our experience from the previous year's audit, the Head of Internal Audit's Opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework; and
2. Members approve the satisfactory performance and achievements of the Internal Audit Team during 2017/18.

*** AC 5 ANNUAL REPORT OF THE STATUTORY OFFICERS' PANEL**

The Committee considered a report that informed Members of the work that the Statutory Officers' Panel had carried out between April 2017 and March 2018.

In discussion, it was confirmed that the Panel had operational responsibility for ensuring Council compliance with its strategic risk management function.

It was then **RESOLVED** that the report be noted.

*** AC 6 GRANT THORNTON EXTERNAL AUDIT FEE LETTER**

The Committee considered correspondence from Grant Thornton that outlined the planned Audit Fee for 2018/19.

In discussion, the following points were raised:-

- (a) The Committee welcomed the news that the Council would be paying, in comparison to the previous year, 23% less in its External Audit Fees for 2018/19;
- (b) In noting that Grant Thornton would become the Council's External Auditor, the Committee was pleased that it would be retaining the same Audit Manager as it had on the last occasion that the organisation had been responsible for this function. In particular, Members acknowledged that the Audit Manager already had some understanding of both the Shared Services agenda and the Council's Transformation Programme and it was felt that this would ensure a smoother transition of External Auditor.

It was then **RESOLVED** that the content of the External Audit Fee Letter be noted.

*** AC 7 AUDIT COMMITTEE WORK PROGRAMME 2018/19**

Members considered a report that presented the draft Committee work programme for 2018/19.

In discussion, Members were informed that the Council's Financial Procedure Rules had not been reviewed for a period of time. As a consequence, a review of these Rules had been scheduled for the Committee meeting to be held on 9 October 2018.

It was then **RESOLVED** that the draft Work Programme for the 2018/19 Financial Year (as outlined at Appendix A of the presented agenda report) be approved.

(The Meeting terminated at 10.15 am)

Dated this

Chairman