

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 25 JULY 2019**

Members in attendance * Denotes attendance			
*	Cllr L Austen (Vice-Chairman)	*	Cllr J T Pennington
*	Cllr J Brazil	*	Cllr B Spencer
*	Cllr T R Holway (Chairman)	*	Cllr B Taylor
*	Cllr J McKay		

Members also in attendance:
Cllrs H D Bastone, J D Hawkins, N A Hopwood, D W May and J A Pearce

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Chief Executive; Section 151 Officer; Finance HOP Lead; Senior Specialist – Democratic Services; and Grant Thornton Representatives.

A.11/19 MINUTES

The minutes of the meeting of the Committee held on 20 June 2019 were confirmed as a correct record and signed by the Chairman, subject to an amendment being made to reflect the fact that Cllr B Spencer was incorrectly recorded as being in attendance.

A.12/19 URGENT BUSINESS

The Chairman advised that he had no urgent items to be raised at this meeting.

A.13/19 DECLARATIONS OF INTEREST

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting, but none were made.

A.14/19 GRANT THORNTON AUDIT PROGRESS REPORT (ISA 260) – AUDIT FINDINGS REPORT

The Committee considered a paper from Grant Thornton that summarised the key findings and other matters arising from the statutory audit of the Council and the preparation of the Council's financial statements for the year ended 31 March 2019.

The Grant Thornton representatives provided a detailed introduction into their paper and, in the ensuing discussion, the following points were raised:-

- (a) The Committee echoed the importance of emerging guidance from CIPFA and Central Government on the acquisition of investment properties and related borrowing being closely (and regularly) monitored;
- (b) With regard to the Council's CCLA Investments, whilst Grant Thornton was of the view that these should be treated as a short term investment, officers did not agree and continued to classify these as a long term investment. When questioned, the Section 151 Officer informed that the Council's position in this regard was consistent with some of the other local authorities in the county;
- (c) Some Members expressed their disappointment over the last minute requirement for the Council to pay an additional £4,500 in Audit Fees to Grant Thornton and questioned the justification for this increase. In reply, Grant Thornton representatives acknowledged these concerns and informed that that were attributed to the requirements to undertake additional work coupled with the audit timetable having been brought forward by two months. Whilst the representatives were content that Grant Thornton had adequately resourced the South Hams audit, this had not been the case for other local authorities in the county and there was a recognised shortage of auditors in the region. As a result, the representatives advised that there would be a need to undertake a lessons learned review during the upcoming months with the importance of delivering quality audits at the forefront of this exercise.

It was then:

RESOLVED

That the contents of the Grant Thornton Audit Progress Report be acknowledged.

A.15/19

AUDITED STATEMENT OF ACCOUNTS 2018/19 AND ANNUAL GOVERNANCE STATEMENT 2018/19

Members considered a report that sought approval of:

- the wording of the Letter of Representation (as set out in Appendix A of the presented agenda report);
- the audited Statement of Accounts for the financial year ended 31 March 2019 (as detailed in Appendix B of the presented agenda report); and
- the Annual Governance Statement post audit (as outlined at Appendix C to the presented agenda report).

In debate, particular reference was made to:-

- (a) the development of local Town Centre Strategies. The Committee was informed that the development of the local Strategies would be a key piece of work for the Director of Place and Enterprise when the role was appointed to in the autumn;
- (b) the financial future of the Council. The Section 151 Officer confirmed that Negative Revenue Support Grant had been factored into the forecasted budget gap of £470,000 for 2020 onwards;
- (c) the Development Management Performance Indicators. A Member repeated his previous concerns that the current Development Management performance measures were not fit for purpose. In making the point that the reference to being 'on or above target' was only due to the prior agreement of time extensions, the Member felt that the measures should be subject to review. Officers advised that they were currently reviewing the current corporate approach to performance measures and the importance of Members expressing their views (and the subsequent need for Member training) was recognised.

It was then:

RESOLVED

That the Committee approve:-

1. the wording of the Letter of Representation (as set out in Appendix A of the presented agenda report);
2. the audited Statement of Accounts for the financial year ended 31 March 2019 (as detailed in Appendix B of the presented agenda report); and
3. the Annual Governance Statement post audit (as outlined at Appendix C of the presented agenda report).

A.16/19

ANNUAL TREASURY MANAGEMENT REPORT 2018/19

A report was considered that sought approval of the actual 2018/19 prudential and treasury indicators.

With no questions or issues being raised, it was then:

RESOLVED

1. That the actual 2018/19 prudential and treasury indicators (as outlined in the presented agenda report) be approved; and

2. That the Annual 2018/19 Treasury Management Report be noted.

A.17/19 BUDGET BOOK FOR 2019/20

A report was considered that presented the draft Budget Book for 2019/20.

To enable for Members to be able to draw comparisons with previous years, it was agreed that a paper copy of both the 2018/19 and 2019/20 Budget Books would be made available in the Members' Room.

It was then:

RESOLVED

That the content of the draft Budget Book for 2019/20 be noted.

A.18/19 PROPOSED COMMITTEE WORKPLAN FOR THE 2019/20 FINANCIAL YEAR

In considering its Annual Workplan, the Committee requested that an additional item be included on the agenda for the next meeting on 7 November 2019 entitled: 'Assurance and Governance of the Frontline Services (Waste and Cleansing) Contract'.

(Meeting commenced at 9.30 am and finished at 11.05 am)

Chairman