

Teignbridge District Council

Audit Scrutiny

9 October 2024

Part 1

AUDIT SCRUTINY COMMITTEE - Terms of Reference Amendment

Purpose of Report

To propose changes to the Audit Scrutiny Committee's terms of reference to enable it to approve the financial statements, the Annual Governance Statement, and the Council Tax base.

Recommendation(s)

The Audit Scrutiny Committee RECOMMENDS to Council that the revised terms of reference and authorisation process for the Council Tax base, the Annual Governance Statement, and the Financial Statements, are approved.

Financial Implications

There are no direct financial implications, but minor efficiencies may be achieved through the streamlining of the approvals process. Reduced attendance by the external auditor at Committee meetings will assist in minimising the audit fees incurred by eliminating duplication.

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Director – Corporate

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Legal Implications

The approval of the Council Tax base can vary depending on the specific governance arrangements of the local authority. The **Local Government Finance**

Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 allow for flexibility in this process.

The **Accounts and Audit Regulations 2015** provide for both the Financial Statements and the Annual Governance Statement to be considered and approved by either the full Council, or a Committee designated for this purpose.

The proposal as set out is therefore lawful, and in accordance with the Council's Constitution.

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Risk Assessment

Not applicable.

Environmental/ Climate Change Implications

The removal of the requirement for a two-stage approval process reduces the need for meeting resources and for attendees, (particularly external auditors), to travel to twice to in-person meetings for the Financial Statements approval.

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Executive Member

Councillor Richard Keeling – Executive Member for Resources

1. PURPOSE

- 1.1 To enable the Audit Scrutiny Committee to operate more effectively / efficiently by approving the Financial Statements, the Annual Governance Statement, and the Council Tax base.

2. BACKGROUND

- 2.1 The Audit Scrutiny Committee's terms of reference are set out in the [Council's Constitution](#) at section 3.8. Full Council is ultimately responsible for all decisions, but delegates decisions to the Executive, and to other Committees as appropriate. Some matters by law, must be reserved to Council.
- 2.2 The following tasks are currently dealt with by referral to full Council:
- approval of the Council Tax Base
 - approval of the Annual Governance Statement (AGS), and
 - approval of the Financial Statements

The Financial Statements and Annual Governance Statement are considered initially by the Audit Scrutiny Committee, who then recommend for Council to approve.

- 2.3 In all three cases, the legislation appertaining to these tasks provides flexibility for them to be approved by a committee of the Council. Many Councils have realised efficiencies from streamlining their approvals process in this way. This is especially relevant to the Financial Statements, which must adhere to a strict statutory timetable, as well as catering for the external auditor's

attendance at each meeting. This can be challenging when both Audit Scrutiny and full Council meetings need to be scheduled virtually back-to-back with just enough time to meet agenda deadlines and secure auditor attendance.

- 2.2 The Council Tax Base, follows a set calculation formula prescribed in statute, hence there is little scope for members to change the calculation. Similarly the Financial Statements and Annual Governance Statement are a backward looking, factual presentation of the authority's accounts and governance.
- 2.3 The Audit Scrutiny Committee are best placed to consider whether the Financial Statements and Council Tax Base have followed proper practice, and whether the Annual Governance Statement fairly reflects the governance arrangements within the Council.

3. CONCLUSION

3.1 Delegating the approval of the Financial Statements, Annual Governance Statement and Council Tax base to the Audit Scrutiny Committee will:

- streamline the approval process
- provide efficiencies
- fully utilise the Committee's skills and experience to undertake these tasks
- allow full Council to focus on broader strategic issues

3.2 Any full Council member interested in maintaining financial oversight can still actively participate in the process through attendance at the Audit Scrutiny Committee.