

## **AUDIT SCRUTINY COMMITTEE**

**THURSDAY, 19 JULY 2018**

Present:

Councillors Clarence (Chairman), Hockin (Vice-Chairman), Dewhirst, Peart, Thorne and Wrigley

Apologies:

Councillors Connett and Haines

Officers in Attendance:

Martin Flitcroft, Chief Finance Officer

Sue Heath, Audit Manager

Liz Gingell, Business Improvement Officer

Mark Devin, Democratic Services Officer (Exeter City Council)

Geraldine Daly, Engagement Lead, Grant Thornton

Steve Johnson, Audit Manager, Grant Thornton

### **95. MINUTES OF PREVIOUS MEETING**

The minutes of the Audit Scrutiny Committee meeting held on 21 June 2018 were confirmed as a correct record and signed by the Chairman.

### **96. DECLARATIONS OF INTEREST.**

No declarations of interest were made.

### **97. GRANT THORNTON 2017/18 AUDIT FINDINGS REPORT**

The Audit Manager and Engagement Leader from Grant Thornton presented the report which provided a summary of the work in progress within Teignbridge and the preparation for the Council's financial statements for year ended 31 March 2018.

The financial statements and the outstanding items were discussed, with comments including the scope and approach to the financial statements, work undertaken on significant risks, communications requirements and value for money. In response to questions from Members, the Audit Manager and Engagement Leader explained:-

- REFCUS was an acronym, for 'Revenue Expenditure Funded from Capital Under Statute'. REFCUS allowed the Council to fund capital expenditure on other organisations assets through the Capital Programme;

- Taxes may only be raised by a certain amount requiring Parliamentary approval.

Resolved

That the Audit Scrutiny Committee note the report.

## **98. STATEMENT OF ACCOUNTS & LETTER OF REPRESENTATION**

The Chief Finance Officer presented the report which updated Members on the 2017/18 statement of accounts which had been brought to Audit Scrutiny and required approval by the 31 July 2018. Final adjustments would be reported to Full Council on 30 July, with the audit conclusion and accounts advertised on the Teignbridge District Council website, as required by legislation.

There were currently no known major adjustments to be made and the draft balance sheet showed there was net worth of £5.6 million on 31 March 2018 and was compared to the negative net worth of £7.5 million in 31 March 2017. The Chief Finance Officer explain this was due to the decrease in the pension fund deficit and an increase in the value of council land and buildings.

He discussed the accounting policies that follow CIPFA recommendations and the provisions for bad debts. There was a provision of £540,000 made against the year-end balance of £3,850,000 for sundry debt and the write offs in the year were £157,000 or 1.0% of the debt raised. The council tax and non-domestic rates gross debt, write offs and balances were also discussed.

The Chairman commented, that Teignbridge District Council had the second best Council Tax collection rate in Devon, and ranked equal 46th out of 326 authorities in the country. Teignbridge was ranked first for Business rate collections in Devon, and ranked equal 25th out of 326 authorities nationally.

In response to Member questions, the Chief Finance Officer explained:-

- The pension fund was favourable because of changes in assumptions by the actuaries;
- Every three years the funding was evaluated to contribute towards reducing the deficit;
- The change to Universal Credit will be gradual however collection of debt could become more challenging in future years and would be monitored;
- The Council Tax gross write off figures were higher than in the previous years due to the end of a data matching exercise and were mainly due to insolvency, death with insufficient funds in the estate or untraceable debtors;
- Debt write off for a significant amount of £5000 or more would need to be brought to the Executive Committee.

Resolved

That the Audit Scrutiny Committee recommend the Statement of Accounts 2017/18 and letter of representation for approval to Council subject to any final adjustments agreed with the external auditors which will be reported to Council.

## **99. FINANCIAL INSTRUCTIONS WAIVERS**

The Audit Manager presented the report on the Financial Instructions and Contract Procedure Rules which provided the framework for managing the financial affairs for the Council. The report informed Members on the number of times the Financial Instructions and Contract Procedure Rules had been waived and the reasoning for it. She highlighted there had been four waivers processed since June 2018.

In response to Member questions, the Audit Manager explained:-

- The £49,600 for the initial Data Protection Services officer role came through the Portfolio Holder;
- The Data protection waiver was for a contract extension involving a fixed period appointment following the departure of the Monitoring Officer. Having a data protection officer in post was important and extending the employment period was needed until a full time post could be filled;
- The waivers questioned previously would be reported at the September meeting.

Resolved

That the Audit Scrutiny Committee note the report.

## **100. RISK MANAGEMENT REPORT**

The Business Improvement Officer presented the report which provided Members with an overview of the current status of the Strategic & Corporate Risk registers and to review the Risk Management Strategy. She explained there were three types of risks managed by the Council - strategic, corporate and service risks. The Strategic and Corporate risk monitored higher risks and reported to the Committee twice a year. Service risks monitored lower risk areas and didn't receive too many consequences.

She provided Members with the details of recommended risk changes, and why they had been suggested for changing. She highlighted the risks of provision of recording poor quality data, breach of the data protection act and breaches of codes of conduct.

In response to Member enquiries, the Business Improvement Officer stated that:-

- The data quality risk was being kept separate to the compliance with the Data Protection Act and General Data Protection Regulations;

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- Universal credit would be addressed to determine if it was a major service change;
- Parliamentary business rate information for 2021 was unknown following Brexit. This risk would be classified under financial uncertainty, with a baseline established and reserves put into place;
- The risk management strategy had no new changes to the document and was reviewed every two years. However following changes at Teignbridge a new review will be carried out;
- The risk register was available to view online, but checks would be made to ensure it was fully accessible to Members;
- The service risk register incorporates the lower risk areas to ensure the strategic and corporate risk registers only showed higher risks;

Resolved

That the Audit Scrutiny Committee review and approve the Strategic and Corporate Risk review.

Cllr Chris Clarence  
Chairman