

AUDIT SCRUTINY COMMITTEE

20 JUNE 2019

Present:

Councillors Morgan (Chairman), Rollason (Deputy Chair), H Cox, Colclough, Mullone, J Petherick, Purser and Thorne

In Attendance:

Julie Masci Grant Thornton

Officers in Attendance:

Martin Flitcroft, Chief Finance Officer

Sue Heath, Audit Manager

Sarah Selway, Democratic Services Team Leader & Deputy Monitoring Officer

10. MINUTES OF THE PREVIOUS MEETING

The minutes of the Audit Scrutiny Committee meeting held on 21 March 2019 were confirmed as a correct record and signed by the Chairman.

11. DECLARATIONS OF INTEREST.

None.

12. AUDIT PROGRESS REPORT - GRANT THORNTON

Julie Masci, Engagement Lead, Grant Thornton presented the progress update report, highlighting the Financial Statement Audit, the Value for Money work and the audit work cycle for the coming year. The local government sector faced a significant risk in the area of arrangements for financial resilience and a report would be brought back to the July 2019 meeting on the findings of Grant Thornton's work with the Council in this area.

The Engagement Lead clarified that the Council currently had received no audit qualifications.

RESOLVED that the progress report be noted.

13. AUDIT FEE LETTER 2019-2020 - GRANT THORNTON

Julie Masci, Engagement Lead Grant Thornton presented the audit fee letter 2019-2020. Members were advised that the scale of fees were set by the Public Sector Audit Appointments Ltd (PSAA), the fee was £37,240. This fee would remain the same for the five years of the contract.

RESOLVED the Audit Fee Letter be noted.

14. INTERNAL AUDIT ANNUAL REPORT 2018-2019

The Committee considered the Audit Manager's annual opinion on the adequacy and effectiveness of the Council's control environment for the year ending 31 March 2019.

This enabled the Internal Audit Manager to confirm she was satisfied that sufficient internal audit work had been undertaken and confirmed that the Council had adequate and effective arrangements in place.

The Audit Manager responded as follows to Members' queries:-

- The two areas of work that were classified as fair were being addressed and a further update on the Teign Estuary and Coastal Partnership would be brought back to the next meeting of this Committee;
- The Payroll and Human Resources audit had been delayed as a new IT system was being rolled out across these areas; and
- Every five years an external validation of internal audit's self-assessment against the audit standards was required; this was awaiting validation.

RESOLVED the report be noted and it be considered as a source of assurance to support the Council's Annual Governance Statement.

15. GOVERNANCE REVIEW AND ANNUAL GOVERNANCE STATEMENT

The Audit Manager presented the Annual Governance Statement (AGS) for 2018-2019, which had been completed following a review of the effectiveness of the Council's control systems and governance arrangements. This was a statutory requirement and the governance principles had been assessed using the CIPFA/SOLACE framework. The report set out the guiding principles behind the statement.

In response to a Member's question, the Audit Manager clarified the Council's Whistleblowing procedure for staff.

Members were advised of the identified issues and the planned action.

RECOMMENDED that Council approve the Annual Governance Statement 2018-2019.

16. DRAFT FINAL ACCOUNTS 2018-2019 AND TREASURY MANAGEMENT REPORT

The Committee considered the 2018/19 draft final accounts and treasury management results which would be reported to the Full Council on 29 July 2019.

Responding to a Member's query, the Chief Finance Officer explained the Local Government accounting process with regards to depreciation and use of reserves and reporting apparent surpluses and deficits, currently the Council did not have any borrowing on its balance sheet and that the Council was entitled to an element of any right to buy receipts that Teign Housing received under the transfer of the housing stock agreement.

RESOLVED to note that:-

- (a) the draft statement of accounts for 2018/19 had been published;
- (b) the current authorised lending list at Appendix 1 of the circulated report; and
- (c) the draft treasury management results for 2018/19 at Appendix 2 of the circulated report.

17. FINANCIAL INSTRUCTIONS WAIVERS

The Audit Manager presented the report setting out the number of times the Financial Instructions and Contract Procedure Rules had been waived and the reasons. The details of the waivers that had been processed since the March 2019 meeting were set out in the monitoring report and the Audit Manager explained the background to these.

RESOLVED the report be noted

Chairman