

AUDIT SCRUTINY COMMITTEE

17 JULY 2019

Present:

Councillors Morgan (Chairman), Rollason (Deputy Chairman), 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

Liz Gingell, Business Improvement Officer

Rosie Gitsham, Democratic Services Support Officer

Sarah Selway, Democratic Services Team Leader & Deputy Monitoring Officer

Richard Rainbow, Drainage and Coastal Manager

18. MINUTES OF THE PREVIOUS MEETING

The minutes of the Audit Scrutiny Committee meeting held on 20 June 2018 were confirmed as a correct record and signed by the Chairman.

19. DECLARATIONS OF INTEREST

None.

20. VERBAL UP FROM GRANT THORNTON - EXTERNAL AUDITORS

Julie Masci, Engagement Lead, Grant Thornton gave a verbal update on the position with the Councils audit. She apologised to the Committee for the delay in Grant Thornton being able to undertake the annual audit by the 31 July 2019. This delay was due to the scope of work within Local Authorities audits unexpectedly increasing and resourcing challenges within the region given the specialist nature of the work. Grant Thornton accepted full responsibility for the deferment of the audit and made it clear this was not a reflection on the Council.

There was a statutory requirement to publish the Statement of Accounts by 31 July 2019, which would include a statement from Grant Thornton explaining why they had not been able to undertake the audit by the deadline.

The Public Sector Audit Appointments (PSAA) had been notified of the delay and they had subsequently written to all those Local Authorities affected.

In response to Members questions, Julie Masci, commented:

- It was hoped that the audit could be undertaken in August and brought back to a meeting of this committee in September and then on to Full Council.
- Audit fees had decreased by 40% in the past five years despite an increase in the scope of work - Grant Thornton could not commit to a reduction in fees.
- There was a general issue on resourcing capacity in the marketplace, not only at Grant Thornton – but particularly in the South West.
- Teignbridge was not the only Local Authority to experience this delay.
- Grant Thornton planned to bring resources in from other regions from end July 2019 to increase capacity in the South West.
- The PSAA and Grant Thornton had issued press statements to explain to situation.

The Chief Finance Officer explained that he was in contact with the PSAA regarding the matter and reflected on the impact on officer's capacity with the delay in the audit.

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

- Work on the budgets for the following year was started in the late autumn so any delay in the audit past this time would have a negative impact.
- If the audit identified issues with Teignbridge accounts, the normal process set out by Grant Thornton would be followed.
- Grant Thornton's letter gave a clear explanation of the delay to the audit
- Would work with Communications Team to prepare a media response.

The Chairman thanked Julie Masci, for her attendance.

Members agreed that continued dialogue with Grant Thornton should take place regarding the dates for the audit to be undertaken.

21. STATEMENT OF ACCOUNTS 2018/19

The Chief Finance Officer presented the statement of accounts 2018/19 to be approved by Full Council in July and then published as required by legislation. Any final adjustments following the audit would be reported to Full Council in September 2019 or when the audit is completed by Grant Thornton.

There were no changes to the draft accounts published in June and an explanation had been included regarding the audit delay.

RECOMMENDED that Full Council approved the statement of accounts 2018/19 subject to any final adjustments agreed with the external auditors which will be

reported to Council when the audit is completed.

22. CORPORATE AND STRATEGIC RISK REPORT

The Business Improvement Officer, presented the report which provided Members with an overview of the current status of the Strategic and Corporate Risk registers. 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 yearly.

The Business Improvement Officer outlined the guide to risk mitigation status. Currently there were six high unmitigated risks the responsible officers for these service areas have actions in place to reduce the risks.

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

- CP09 – staff health & wellbeing – actions were being put in place to reduce this risk, although some factors that contributed to this risk were outside the Councils control. *Action to update this committee on progress with the actions for this risk – attached to minutes.*
- ST02 – A range of factors were considered to have influenced budget preparation these did include Brexit.
- GESP – a report would be brought forward to Executive on the future of GESP and the Local Plan.

RESOLVED that the Strategic and Corporate Risk review be approved.

23. INTERNAL AUDIT PLAN 2019-2020

The Audit Manager presented the Internal Audit Plan 2019/20 and the internal audit terms of reference (the Charter). Members were advised that the internal audit was undertaken by internal officers supplemented with external resources, the Devon Audit Partnership. The Internal Audit Plan was required to be agreed by Members, and the Charter gave internal audit the status to carry out its work independently and objectively.

In response to Members questions, the Audit Manager commented:-

- Internal Audit was undertaken on system and risk based reviews.
- 10 days was an estimated allocation of time needed to complete the audits, this was flexible and focused on quality of work. External providers were paid for 10 days work per audit.
- A Service Level Agreement was maintained between the external providers and the Audit Manager – Audit Manager oversaw this work, set out terms of reference for each audit, and ensured delivery and vetted draft reports to ensure quality.

RESOLVED that the Internal Audit Plan and Charter be approved.

24. TEIGN ESTUARY AND COASTAL PARTNERSHIP UPDATE

The Drainage and Coastal Manager in Economy and Assets presented an update on the Teign Estuary and Coastal Partnership (TECP) – Delivery Plan.

The Audit Manager advised that the Delivery Plan was an action that a previous meeting of the Committee had requested.

The TECP Delivery Plan 2019/20 provided a rolling summary of the Partnership activities with project progress against identified Strategic Priorities (of both the Council and the Partnership), and to encourage engagement with professional and public stakeholders.

In response to questions from Members, the Drainage and Coastal Manager responded:-

- 1.2 – Multi beam bathymetric survey, would scan the seabed to provide baseline data.
- The Harbour Commission manage all moorings.
- Coastal Community Fund was historic money used to bid for further funds.

RESOLVED that the report was noted.

Chairman