

AUDIT SCRUTINY COMMITTEE

12 SEPTEMBER 2019

Present:

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

Apologises

The Portfolio Holder for Corporate Services

In Attendance:

Grant Thornton

Julia Masci and Andrew Davies

Officers in Attendance:

Martin Flitcroft, The Chief Finance Officer

Sue Heath, Audit Manager

Shirley Clark, Democratic Services Support

Sarah Selway, Democratic Services Team Leader & Deputy Monitoring Officer

25. MINUTES OF THE PREVIOUS MEETING

The minutes of the Audit Scrutiny Committee held on the 17 July 2019 were confirmed as a correct record and signed by the Chairman

26. DECLARATIONS OF INTEREST

The Audit Manager declared an interest in respect of minute 30 Financial Instructions and Contract Rules Waiver as one of the waivers was in respect of the commissioning of audit days from the Devon Audit Partnership – the budget she was responsible for.

27. GRANT THORNTON AUDIT FINDINGS REPORT - YEAR ENDED 31 MARCH 2019

Ms Julie Masci Engagement Lead from Grant Thornton gave a summary of the Audit outcomes:-

- Financial Statements – had identified no adjustments affecting the Council's Comprehensive Income and Expenditure Statement or other key primary statements; concluded that the other information to be published with the financial statements was consistent with the knowledge of the Council and the financial statements that had been audited.

- Value for Money Arrangements - completed the risk based review of the Council's value for money arrangements; concluded that Teignbridge District Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In particular the review of officer reports on investment opportunities and the information produced to substantiate the work covered and risk.
- Statutory Duties – had not exercised any of the additional statutory powers or duties; completed the majority of work under the Code and expect to be able to certify the completion of the audit.

The audit was completed in the agreed time extension and Grant Thornton thanked the Finance team and other staff for their support.

Ms Masci outlined the significant findings of the audit risks:-

Management override of controls - noted that the Section 151 officer had the ability to, and had, posted journals - tested all of these journals and had identified no issues. All journals had been reviewed by Grant Thornton and found to be in good order.

Valuation of pension's net liability – worked not identified any issues in respect of this risk discussions were on going in the sector regarding the potential impact of the McCloud judgement. This additional work had resulted in additional fees being incurred although the Public Sector Audit Appointments (PSAA) would have to approve any additional fees.

The Chief Finance Officer noted the comments regarding the issues of posting journal's and advised that steps were being taken place to reduce the need to post journals in the future. He advised that the Council would be having further dialogue with the PSAA regarding the additional fees.

During discussion Members commented on the Chief Finance Officer undertaking journals, the valuation of the housing stock, the additional work required due to the McCloud judgement and the subsequent additional proposed fees. Members raised concerns regarding the additional fees and supported the Council's dialogue with the PSAA to have these mitigated or reduced.

Andrew Davies the Audit Manager from Grant Thornton commented on the Value for Money Conclusion and that as like many other local authorities the need for Members to be aware of the future funding gaps that the Council would face in the medium term and what the Council could do to bridge this funding gap.

RESOLVED that the findings of the report be noted and supported officers to continue dialogue with the PSAA regarding the mitigation of the additional fees.

28. STATEMENT OF ACCOUNTS & LETTER OF REPRESENTATION

The Chief Finance Officer brought an update on the statement of accounts 2018/19 for Members to review and recommend to Council for approval. The accounts had been prepared in accordance with the relevant legislation and current best professional practice. They await finalisation of the external audit by Grant Thornton and any final adjustments would be reported to Full Council for approval on 24 September 2019.

RECOMMENDED that Full Council approve the Statement of Accounts 2018/19 and letter of representation subject to any final adjustments agreed with the external auditors which will be reported to Full Council.

29. INTERNAL AUDIT UPDATE REPORT

The Audit Manager presented the report which advised Members of the recent progress against the Audit Plan, the outcomes of the completed audits and the additional duties undertaken by the audit team. The Audit Plan was approved annually by the Audit Scrutiny Committee and progress was reported back at each meeting. The audit schedule was where it should be, after the summer holiday period.

Members were given an update on the progress of the internal audits and how members of the audit team continue to support corporate projects with roles in the One Teignbridge transformation project; the Infrastructure Requirements Board; Procurement Champions Group and coordinating the National Fraud Initiative.

RESOLVED that the report be noted.

30. FINANCIAL INSTRUCTIONS AND CONTRACT RULES WAIVERS

The Audit Manager declared an interest as one of the waivers was in respect of the commissioning of audit days from the Devon Audit Partnership – the budget she was responsible for.

The Financial Instructions and Contract Procedure Rules provide the framework for managing the Council's financial affairs. They apply to every member and officer of the Council and anyone acting on its behalf.

The following waivers have been processed since the June 2019 monitoring report:

Shops 6 – 10 and Shop 5 Market Walk, Newton Abbot.

Reason: Increased Cost / Loss of Income, Urgent Action Required.

Commissioning of audit days from the Devon Audit Partnership (DAP)

Reason: Increased Cost / Loss of Income.

Supply of strategic and specialist advice to the South West Regional Coastal Monitoring Programme (SWRCMP).

Reason: Increased Cost / Loss of Income, Limited Markets.

The current waiver process required an Internal Audit opinion to be obtained prior to the waiver being signed by the authorised signatory. As most waivers involved the procurement of services, it was proposed to add the requirement for the procurement officer to be consulted.

As the Audit Scrutiny Committee's role was to have oversight of the Financial Instructions and Contract Procedure rules, Members were asked to recommend to approve this minor change.

RESOLVED that the report be noted and the minor change be approved.

The meeting commenced at 10.00 am and finished at 11.20 am.

Chairman