

## **Minutes of the Audit Committee**

**26 July 2023**

**-: Present :-**

Councillor Brook (Chairman)

Councillors Fellows, Law, Long, Penny (Vice-Chair), Joyce and Barbara Lewis

(Also in attendance: Councillors Spacagna and Tyerman)

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### **1. Apologies**

It was reported that, in accordance with the wishes of the Conservative Group and Liberal Democrat Group, the membership of the Committee had been amended for this meeting by including Councillors Barbara Lewis, Joyce and Law instead of Councillors Bryant, Hutchings and Steve Darling respectively.

### **2. Treasury Management Outturn 2022/23 Report**

Members considered an annual report on the treasury management activities undertaken during the year 2022/23, which was compared to the 2022/23 Treasury Management Strategy.

In March 2023 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports.

The Council's treasury management strategy for 2022/23 was approved by Council at a meeting on 3 March 2022. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.

The Director of Finance explained that the proposed recommendation enables the organisation to think more about long term cash. At the moment the organisation can make cash balances work much better than it could six months ago due to higher interest rates. Advising Members that he would like more balance in the Council's investment portfolio comparable with the size of the organisation.

Resolved:

That the Audit Committee recommends to Council:

- i) That the Treasury Management decisions made during 2022/23, as detailed in the submitted report be noted; and

- ii) That the increases to limits within the Treasury Management Strategy 2023/24 as set out below be approved:

	<b>Strategy 2023/24</b>	<b>Recommended Change 2023/24</b>
Limit on principal invested beyond year end (Treasury Management Strategy section 7)	£20M	<b>£40M</b>

	<b>Strategy 2023/24</b>		<b>Recommended Change 2023/24</b>	
	Counterparty Limit	Sector Limit	Counterparty Limit	Sector Limit
Strategic Pooled Funds (Treasury Management Strategy Appendix 3, Table 9)	£10M	£20M	<b>£10M</b>	<b>£30M</b>

- iii) That in principle, the Council doesn't borrow any further money unless there is a clear revenue or saving stream to support the required borrowing.

### 3. Internal Audit - Annual Audit Report 2022-23

Members considered the Annual Audit Report 2022-23. The Head of the Devon Audit Partnership informed Members that based on work performed during 2022/23, experience from previous years, and the outcome of the annual follow up exercise, previously reported, the Head of Internal Audit's Opinion was one of "Reasonable Assurance" on the adequacy and effectiveness of the Council's internal control framework.

Members asked questions in relation to two audits where an opinion of limited assurance was given, namely Council Tax and NNDR Processing and Covid Grants and the measures being taken to address the backlog caused as a result of the Covid Grants and Council Tax being processed by the same department.

Resolved:

That a report be presented to the Audit Committee on 15 November 2023 on the Internal Audit recommendations regarding collection of council tax, non-domestic rates and corporate debt. The report to include the proposed mitigation, progress in

implementing required changes as a result of the Internal Audit and corresponding key performance indicators.

#### **4. Interim Auditors Annual Report on Torbay Council 2021/22 and 2022/23**

Members noted a report compiled by the Council's External Auditor's, Grant Thornton. Mr Dossett, Key Audit Partner, informed Members that under the National Audit Office Code of Audit Practice, Grant Thornton were required to consider whether the Council had put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, report in detail on the Council's overall governance arrangements including key recommendations on any significant weaknesses identified during the audit.

Mr Dossett informed Members that the National Audit Office had issued guidance that enabled auditors to provide a commentary that covered more than one financial year where it was more efficient and effective to do so. Mr Dossett advised Members that as the Council's external auditor they had decided to report a combined commentary on the authority's arrangements for 2021/22 and 2022/23 to ensure the reporting and assurance to the Council was fully up to date. Members noted that the Council's external auditors had not identified any significant weaknesses and the recommendations made within the report were 'improvement' recommendations rather than 'key' recommendations.

#### **5. Annual Governance Statement 2022/2023**

Members considered a report on the Annual Governance Statement 2022/2023. The Head of Policy, Performance and Community Engagement informed Members that the preparation of the Annual Governance Statement provides the opportunity for the organisation to review its processes, controls and objectives and to provide assurance to Members, Senior Officers and stakeholders as to the reliability of its Statement of Accounts and the probity of its operations.

Members welcomed the report and requested future iterations be analytical and restructured with an Executive Summary provided at the beginning with the section on the Governance Framework being included as an appendix.

Resolved:

That the draft Annual Governance Statement for 2022/2023 be agreed and incorporated within the formal Statement of Accounts.

#### **6. Torbay Council Audit Progress Report and Sector Update**

The Committee noted a report that set out a summary of emerging national issues and developments within the accounting and audit sector. Members were also made aware of a letter from Lee Rowley MP, Parliamentary Under-Secretary of State for Local Government and Building Safety, setting out proposals to clear the backlog of delayed audits for financial years 2015/16 to present. Mr Dossett informed Members that in order to meet the deadlines set by the Government, the audit of the 2021/22 accounts will recommence in October with the intention to complete in December.

The audit of 2022/23 accounts will commence thereafter. Enabling the outstanding sets of account to be signed off before the Government deadline.

#### **7. Torbay Council's Risk Management Update Report**

The Audit Committee noted a report that provided an update on the Council's current risk position and risk management arrangements. The Council uses a 5x5 risk matrix to score its risks, meaning the maximum risk score could be 25, any risk that had a mitigated score of 16 or above were reported to the Audit Committee. Members were advised that their role in the management of risk was to consider whether the authority was managing risk effectively and whether risks that were included were risks they would expect, rather than delving into the risk itself.

#### **8. Risk Assurance Report for Our Integrated Adult Social Care Services**

Members noted a report that provided a summary of both Devon Audit Partnership and Audit South West views following audits conducted by both organisations and the audit plans for 2023/24. Members were advised that Devon Audit Partnership (DAP) undertakes audits on the Council's governance services for Adult Social Care with Audit South West (ASW) conducting audits on the operational Adult Social Care services delivered by Torbay and South Devon NHS Foundation Trust's. The Director of Adult and Community Services informed Members that the reports provided by DAP and ASW provided considerable assurance on services that represent a significant spend for the Council. Members were informed that the Director of Adult and Community Services had requested audits on the ICO Sustainability and Improvement Plan (Management and Monitoring), Contracts Improvement Plan (a specific part of the Transformation and Sustainability Plan) for 2023/24.

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Chairman