

## **Minutes of the Audit Committee**

**25 January 2023**

**-: Present :-**

Councillor Loxton (Chairman)

Councillors Brooks, Hill, Johns, Kennedy (Vice-Chair) and O'Dwyer

---

### **27. Apologies**

An apology for absence was received from Councillor Douglas-Dunbar.

### **28. Minutes**

The Minutes of the meeting of the Audit Committee held on 7 November 2022 were confirmed as a correct record and signed by the Chairman.

### **29. Internal Audit Areas Requiring Improvement - Follow Up Report**

Members noted the Internal Audit – Follow Up Report on Areas Requiring Improvement. The Head of the Devon Audit Partnership informed Members that the Annual Internal Audit Report was presented to the Audit Committee in May 2022, the report provided a summary of the audits undertaken and an assurance opinion. Members were advised that originally there were four areas with 'limited assurance' but two had improved to 'reasonable assurance' one still remained 'limited' and the other had a change in circumstances so was no longer an issue. Overall, management responses indicate that positive progress had been made but further work was required in respect of Children's Services. This work would form part of the end of year assurance from the Devon Audit Partnership.

The Committee noted that Devon and Somerset Fire and Rescue Service had now formally joined the Devon Audit Partnership.

### **30. Internal Audit Half Year Audit Report 2022-23**

Members considered the Internal Audit – Half Year Audit Report 2022-23. The Head of the Devon Audit Partnership informed Members that the Internal Audit plan for 2022/21 was presented and approved in March 2022. The half year report provides Internal Audits current opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

Overall, and based on work performed to date during 2022/23, and Internal Audits experience from previous years, and the outcome of the Annual Follow Up exercise,

the Head of Internal Audit's Opinion was one of 'Reasonable Assurance' on the adequacy and effectiveness of much of the Authority's internal control framework. The exception to this was Children's Services Directorate which is of 'Limited Assurance' due to the lack of audits undertaken in this area during the first half of the year.

Members thanked the Devon Audit Partnership Team for all their work supporting the Council and noted that some of the work from 2021/2022 had been finalised in year due to delays as a result of the pandemic.

Members raised questions in relation to:

- What the issues were in respect of tenders and contracts and requested a written response to be provided by the Head of the Internal Audit.
- What were the issues relating to the Service Level Agreement with the Coroner and when would this be resolved.
- Under the section 'Irregularities Prevention and Detection' who was responsible for picking up the action and how would this be addressed.
- What action was being taken to address the issues in connection with public toilets – the Director of Finance agreed to chase the Director of Pride in Place up for a response and the Head of Internal Audit agreed to provide more detail around this issue with the Committee and Director of Pride in Place.
- What was the reason for the parking charges not going through proper procedures and financial regulations.
- What was the reason for the difficulty in recovering fines from parking charges.
- Were there any other areas that the Head of Internal Audit had concerns.
- The audit provided 'reasonable assurance' in respect of Corporate Complaints, however, there had been a history of problems with Corporate Complaints and Freedom of Information requests not being responded to on time. There was a need to look at this over a longer period of time to identify patterns and trends. Members questioned how the Audit Committee could make a difference to improve responses.
- Have Council Tax and business rates processes been reviewed as changes were taking a long time to be implemented/updated.
- What work has been done around commissioning and TDA.
- What was the relationship between SWISCo and Healthmatic regarding toilets and was the contract held by the Council or SWISCo.

Resolved (unanimously):

Members challenged the reasonable assurance given to Corporate Complaint System having had four years of reviewing performance on complaints and two action plans and requested that consideration be given to the 2023/2024 Audit Programme to reviewing the overall effectiveness of the Corporate Complaints process, especially the services which have high levels of complaints.

**31. Treasury Management Strategy 2023/24 including adoption of the CIPFA Code of Practice: Treasury Management in the Public Services**

Members considered a report on the Treasury Management Strategy which aims to support the provision of all services by the management of the Council's cash flow, debt and investment operations in 2023/24 and effectively control the associated risks and the pursuit of optimum performance consistent with those risks.

The Strategy sets out the Council's policies for managing its investments under the priorities of security first, liquidity second and then returns. In addition, the Treasury Management Strategy gives regard to the CIPFA Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

Members were also asked to recommend that the Council adopt the CIPFA Code of Practice: Treasury Management in the Public Services.

Members raised questions in relation to:

- The figures for the liability benchmarking.
- The Director of Finance advised that he did not believe the Council would need to borrow money over the next 12 months, however, the Council has recently needed to borrow money to cover the costs of some of its capital projects, what assurance could be given that other capital projects would not require additional funding to progress/complete.
- How do we ensure that we are following our approved policies and strategies such as the Treasury Management Strategy.
- How will we ensure that we do spend the money identified in the Capital Plan Budget.
- Should a recently purchased property be included within the report.

Resolved (unanimously):

That Council be recommended:

1. that the CIPFA Code of Practice: Treasury Management in the Public Services as set out in the Appendix 1 to the submitted report be adopted; and
2. that the:
  - a) Treasury Management Strategy for 2023/24;
  - b) the Prudential Indicators 2023/24; and
  - c) the Annual Minimum Revenue Provision Policy Statement for 2023/24; as set out in the Appendix 2 to the submitted report be approved.

**32. Torbay Council Audit Progress Report and Sector Update**

Members noted a report which detailed the progress Grant Thornton had made in delivering their responsibilities as the Council's External Auditors. The report also included a summary of emerging national issues and developments that may be relevant to the Council.

The Audit Manager outlined the difficulties in finalising the 2021/2022 audit and gave assurance that work was being progressed as quickly as possible and that the value for money work for 2021/2022 would be completed in conjunction with the work for 2022/2023 with the reports being merged together to help them catch up.

### 33. TDA Management Accounts

The Audit Committee considered and noted the TDA Management Accounts as set out in the submitted exempt report and raised questions in relation to the following:

- The costs associated with the change of Leadership and who picked up these costs.
- How the charges were calculated and the reason behind some of the fluctuation in costs during the year.
- If it was possible to include text narrative with some of the charts.
- How the relationships worked with the companies owned by the TDA.
- What impact was Torvista having on TDA finances and resources and where did the liabilities sit.

Members suggested that it would be useful to have an additional column for future reports with the annual budget.

**(Note 1:** the Management Accounts for TDA were exempt as the public statutory accounts were not yet available, therefore during discussion of this item once the public elements had been discussed the press and public were formally excluded from the meeting on the grounds that exempt information was likely to be disclosed as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).)

**(Note 2:** prior to consideration of the item in Minute 33, Councillor O'Dwyer declared a non-pecuniary interest as a Council appointed Director of TDA.)

### 34. Management Accounts - SWISCo

Members considered and noted the SWISCo Management Accounts as set out in the submitted exempt report and raised questions in relation to the following:

- Were there any outstanding issues in respect of TOR2 Ltd.
- What was the extra potential funding to the Council for.
- What was the reason for the plant material and other sub-contracted works being higher than planned.
- What were the minimum levels of gross profit that would be acceptable to the Director of Finance.

**(Note:** the SWISCo Statutory Accounts were available and open to public examination, however, the Management Accounts for SWISCo were exempt, therefore prior to consideration of the item in Minute 34 the press and public were formally excluded from the meeting on the grounds that exempt information was likely to be disclosed as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).)

Chairman/chairwoman

---