

AUDIT COMMITTEE

7 September 2016

Present:-

Councillors R Edgell (Chairman), J Berry, A Hannan and B Hughes

Apologies:-

Councillors C Clarence, F Biederman and D Hannon

* **7** **Announcements**

The Chairman welcomed Mr Sullivan who was attending the meeting in his capacity as a co-opted, independent Member of the County Council's Standards Committee to observe and monitor compliance with the County Council's ethical governance framework.

* **8** **Minutes**

RESOLVED that the Minutes of the meeting held on 30 June 2016 be signed as a correct record

* **9** **Devon County Council Audit Findings Report**

The Committee noted the Report of Grant Thornton (CT/16/68) setting out the findings arising from the audit of the County Council's financial statements and the work undertaken in relation to the value for money conclusion. The Report also described the work undertaken by the external auditors to address the risks previously identified in the Audit Plan, considered by the Committee in March 2016 (Minute *79/23 March 2016).

Grant Thornton anticipated providing an unqualified audit opinion on the financial statements and that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources. However, Grant Thornton was unable to certify the accounts as complete pending the outcome of an investigation following an objection received relating to the completion of social care needs assessments. A response would be issued in due course.

The Committee acknowledged that Grant Thornton had made a number of recommendations in its action plan including journals above £200,000 being authorised by a separate individual and all line managers providing changes to HR or Payroll information in a timely fashion, which were being implemented.

* **10** **Devon Pension Fund Audit Findings Report**

The Committee noted the Report of Grant Thornton (CT/16/69) outlining the findings arising from the audit of the Pension Fund for 2015/16 and described the work undertaken by the external auditors to address the risks previously identified in the Audit Plan which was considered by the Audit Committee in March 2016 (Minute *80/23 March 16).

Members noted that Grant Thornton anticipated providing an unqualified opinion in respect of the Pension Fund's financial statements and had made a number of recommendations as set out in the action plan, which were being implemented.

* **11** **Statement of Accounts**

The Committee considered the Report of the County Treasurer (CT/16/70) together with the Statement of Accounts booklet. The Report highlighted the key messages from the Statements of Accounts 2015/16 including, inter alia:

- the CIPFA Code of Practice adopting IFRS 13 for the first time - Fair Value Measurement;
- new borrowing taking place during the year with capital expenditure due to be met from borrowing financed from internal resources;
- earmarked reserves having increased by a net £8.6 millions to £56.1 millions, with Capital financing costs at £11.9 millions less than budgeted due to changes in year to the Minimum Revenue Provision policy.

It was **MOVED** by Councillor Berry, **SECONDED** by Councillor Hughes and

RESOLVED

- (a) that the Letters of Management Representation for the Devon Pension Fund and the County Council be approved;
- (b) that the Statement of Accounts for 2015/16 be approved;
- (c) that the Pension Fund Statement of Accounts for 2015/16 be approved.

* **12** **Internal Audit Progress Report**

The Committee considered the Report of the County Treasurer (CT/16/71) providing an update on issues identified as "improvement required" in the Annual Internal Audit Report.

Members acknowledged that overall, progress had been made against the agreed recommendations, yet further progress was still required in a number of areas. It was therefore not possible to form new assurance opinions for individual audits; additional follow-up audit will be required in due course. The overall assurance opinion remained as previously reported in the Annual Audit Report 2015/16 as "significant assurance".

Members discussed the "red" risk area relating to Coroners and the improvements required for expense claims. Legal Services reported that awareness had been raised within the Coroner's Service; that guidance and policies had been issued in this regard; and that expense claims would not be processed without supporting receipts.

It was **MOVED** by Councillor Berry, **SECONDED** by Councillor Hannan and

RESOLVED that the progress made by management to address weaknesses identified through the internal audit process be noted.

* **13** **Appointment of External Auditor**

The Committee received the Report of the County Treasurer (CT/16/52) outlining the options open to the Council under the Local Audit and Accountability Act 2014 for the appointment of External Auditors and the setting of audit fees.

* **14** **Corporate Risk Management Group**

The Committee considered the Report of the Head of Services for Communities (SC/16/10) providing an update on risk management practice in the Council. Three risks had been added

and eight removed. Generally lower level risks were removed from the Corporate Risk Register and included on Service level Registers instead.

15 **Future Meetings**

The next meetings will take on Tuesday 22 November 2016 and Tuesday 28 March 2017.

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 10.30 am and finished at 12.12 pm