

AUDIT COMMITTEE

8 November 2018

Present:-

Councillors J Mathews (Chair), I Hall (Vice-Chair), J Berry, R Peart, A Saywell and Y Atkinson

Apologies:-

Councillors J Brazil

* 37

Minutes

RESOLVED that the Minutes of the meeting held on 27 July 2018 be signed as a correct record.

* 38

Items Requiring Urgent Attention

There was no item raised as a matter of urgency.

* 39

Annual Audit Letter 2017/18

The Committee received the Annual Audit Letter from external auditors, Grant Thornton (CT/18/86). In July 2018 Grant Thornton issued unqualified opinions on the financial statements of the Authority and Devon Pension Fund. The external auditors were also satisfied that in all significant respects the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.

Grant Thornton were unable to certify the completion of the audit of accounts 2017/18 pending the outcome of an investigation following an objection. Grant Thornton have commenced the review, which is expected to be concluded by the end of the year.

Members noted that the wording in the value for money risk had been updated following discussions during the Audit Committee in July. The amendment related to the comment that the 'Council's future financial resilience would be overly dependent on its transformation plan'.

It was **MOVED** by Councillor Hall, **SECONDED** by Councillor Saywell and

RESOLVED that the report and findings be noted.

* 40

External Audit Update

The Committee received a Report from Grant Thornton (CT/18/87) setting out the progress made in delivering their responsibilities as external auditors for the Council and giving a summary of relevant emerging national issues and developments.

The external auditors reported that at the time they undertook their planning in January 2018, they had envisaged that the Council's medium term financial strategy (MTFS) would be reliant on its transformational programme, which was expected to become operational from 2019/20. Grant Thornton however now felt that the Council's MTFS in 2019/20 was not overly dependent on those savings, which should be able to be delivered through more traditional approaches.

It was **MOVED** by Councillor Saywell, **SECONDED** by Councillor Peart and

RESOLVED

- (a) that the report and findings be noted.
- (b) that the Head of Organisational Change be invited to the next meeting of the Committee to update on the transformational programme.

* **41** **Internal Audit Half Year Report 2018/19**

The Committee considered the Report of the County Treasurer (CT/18/79) providing a six-month audit opinion of the Council's Internal Audit Service and progress to date against the internal audit plans for 2018/19. The opinion was that an effective framework of control was in place providing reasonable assurance regarding the effective, efficient and economic achievements of its objectives.

It was **MOVED** by Councillor Peart, **SECONDED** by Councillor Hall and

RESOLVED

- (a) that members note the internal audit opinion that the Council's systems contain a satisfactory level of internal control.
- (b) that members note the satisfactory performance and achievements of Devon Audit Partnership during the first six months of 2018/19.
- (c) that the Council's continuing commitment to the maintenance and enhancement of an anti-fraud culture is endorsed.

* **42** **Audit Progress Report**

The Committee received a Report of the County Treasurer (CT/18/80) setting out progress with regard the "improvements required" issues identified.

The Deputy Head of the Devon Audit Partnership highlighted the progress made by management in implementing agreed actions to address the areas of weakness identified. There remains further work to undertake as some of the risks have not been fully mitigated and need to continue to be managed, such as off payroll working where assurance cannot currently be given.

It was **MOVED** by Councillor Peart, **SECONDED** by Councillor Hall and

RESOLVED that the Committee notes the progress being made by management to address weaknesses identified through the internal audit process.

* **43** **2018/19 Risk Management Annual Report**

The Committee received a Report of the County Treasurer (CT/18/85) setting out the background to Risk Management within the County Council and the important role that the Audit Committee plays in the process.

In response to concern from members, officers advised that work is underway to address the inclusion of an overarching risk on the risk register in terms of the Children's Services financial position.

Members considered the creation of an Annual Plan for the Audit Committee to help them to monitor forthcoming activity.

It was **MOVED** by Councillor Saywell, **SECONDED** by Councillor Peart and

RESOLVED

- (a) that members note the current risk position for all risks.
- (b) that the Committee notes the ongoing updates to the risk management process as supported by Devon Audit Partnership.
- (c) that an Annual Plan for the Committee is developed.

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

The Meeting started at 2.15 pm and finished at 3.30 pm