

# SOUTH HAMS AUDIT COMMITTEE



**Minutes** of a meeting of the **South Hams Audit Committee**  
held on  
**Thursday, 25th June, 2015 at 10.00 am** at the **Cary Room - Follaton House**

Present: **Councillors:**

**Chairman** Cllr Pennington  
**Vice Chairman** Cllr Wingate

Cllr Bramble  
Cllr Foss

Cllr Brazil

**In attendance:**

Councillors:  
Cllr Bastone  
Cllr Hitchins  
Cllr Holway

Cllr Pearce  
Cllr Wright

Officers:  
Group Manager Support Services  
S151 Officer  
Head of Devon Audit Partnership  
Specialist Auditor  
Grant Thornton Audit Manager  
Grant Thornton Engagement Lead

1. **Minutes**  
A.1/15  
The minutes of the meeting held on 12 March 2015 were confirmed as a correct record and signed by the Chairman.
2. **Declarations of Interest**  
A.2/15  
Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting, but none were made.

3. **Annual Audit Fee Letter 2015/16**

A.3/15

The Committee was presented with the Planned Audit Fee letter for 2015/16 from KPMG.

In discussion, reference was made to KPMG being the Council's newly appointed External Auditor for 2015/16. As a consequence, KPMG representatives would be in attendance from the Committee meeting on 24 September 2015 and there would be handover arrangements put in place with Grant Thornton.

It was then:

**RESOLVED**

That the report be noted.

4. **Audit Committee Update for South Hams District Council**

A.4/15

A paper was considered that presented the matters which had come to the attention of Grant Thornton, which they believed required reporting to the Council.

In discussion, the following points were raised:-

- (a) The Committee recognised the associated difficulties of the Council being required in the future to close the accounts earlier in the year. In particular, it was noted that the Council would be more reliant on the use of estimates and the likelihood that Members would see an increase in adjustments during the audit process. Whilst officers would attempt to mitigate the impact of this change as far as possible by amending their internal processes, Members still felt that there would be resource implications upon the Council. Grant Thornton representatives informed that they had produced a paper of mitigating the impact and they were happy to circulate this document;
- (b) Members highlighted the comments of the Grant Thornton governance survey that suggested that there remained a nationwide general dissatisfaction with the scrutiny process. In so doing, the Committee reiterated the comments of the Overview and Scrutiny Panel whereby there was a need for the Council to adopt a structured approach towards dedicated scrutiny training in its Learning and Development Plan (Minute O&S.10/15 also refers);
- (c) The Committee supported the suggestion whereby Grant Thornton should be asked to facilitate some Member Training on auditing the final accounts. It was also agreed that this session should be

convened before the Committee considered the Statement of Accounts at its next meeting on 30 July 2015.

(d) illustrating best practice methods

It was then:

**RESOLVED**

1. That the report be noted; and
2. That Grant Thornton be asked to facilitate a Member Training event on auditing the Final Accounts before 30 July 2015.

5. **Internal Audit Annual Report 2014/15**

A.5/15

A report that summarised the work undertaken by the Council's Internal Audit Team during 2014/15, reviewed the performance of the Internal Audit service and provided an audit opinion on the adequacy of internal control was considered by the Committee.

In its conclusion, the report confirmed that Internal Audit was able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control framework.

In discussion, reference was made to:-

- (a) Dartmouth Lower Ferry. The Committee noted that a Task and Finish Group had been established by the Overview and Scrutiny Panel to undertake a review of the Lower Ferry. Furthermore, officers advised that the audit opinion of 'fair' was largely attributed to the previous ticketing system, which had since been superseded with the installation of a new electronic ticketing process;
- (b) the roles and responsibilities of the Internal Audit Service. For the benefit of new Committee Members, officers informed that the focus of an internal audit review was to focus on the risks as opposed to the outcomes. Following a debate, it was considered beneficial for future Internal Audit reports to include a brief summary statement of the objectives of each specific audit review. In addition, the Committee requested that it received a short report at its next meeting on 30 July, which summarised the roles, responsibilities and functions of the Council's Internal Audit Service;
- (c) the T18 Transformation Programme. In expanding upon the audit opinion of 'good', officers informed that this related to aspects including:
  - management being fully aware of the risks associated with the

Programme;

- project management plans being in place; and
- appropriate means of problem-solving being in place.

Whilst accepting that there were individual issues with the Programme and some specific services, the Audit Opinion was based upon the overall project and the belief that adequate arrangements were in place to ensure the Programme journey continued. Finally, the lead Executive Member for Support Services confirmed that he was regularly meeting with the Group Manager – Support Services and he would provide the Committee with updates where appropriate.

It was then:

**RESOLVED**

1. That the internal audit opinion that the Council's systems contain a satisfactory level of internal control be noted;
2. That the satisfactory performance and achievements of the Internal Audit Team during 2014/15 also be noted;
3. That future Internal Audit reports include a brief summary statement of the objectives of each specific audit review; and
4. That a short report be presented to the next Committee meeting on 30 July 2015 which summarises the roles, responsibilities and functions of the Council's Internal Audit Service.

The Meeting concluded at 10.45 am

**Signed by:**

**Chairman**

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