

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 28 JULY 2016**

Members in attendance * Denotes attendance ∅ Denotes apology for absence			
*	Cllr I Bramble	*	Cllr J T Pennington (Vice-Chairman)
∅	Cllr J Brazil	*	Cllr K R H Wingate (Chairman)
*	Cllr J A Pearce		

Members also in attendance:
Cllrs H D Bastone, M J Hicks, T R Holway, P C Smerdon, R J Tucker, L A H Ward and S A E Wright

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Section 151 Officer, Deputy Section 151 Officer, Specialist (Accountant Business Partner) and Senior Specialist – Democratic Services

A.9/16 MINUTES

The minutes of the meeting held on 30 June 2016 were confirmed as a correct record and signed by the Chairman.

A.10/16 DECLARATIONS OF INTEREST

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.

A.11/16 URGENT ITEMS

The Chairman informed that he had agreed for two urgent items to be raised at this meeting. The first item related to the Council's Draft Budget Book for 2016/17 and the second matter was connected to Business Rates appeals provision. Whilst the Draft Budget Book item was to be considered immediately, the Chairman informed that it was his intention for the Business Rates appeals provision item to be considered in exempt session at the end of this meeting (Minute A.15/16 below refers).

(a) Draft Budget Book 2016/17

It was noted that the Draft Budget Book had been revised, in consultation with a nominated Member Working Group. The revised Budget Book had been circulated to Committee Members for their endorsement prior to its publication.

In discussion, the following points were raised:

- (a) Members were advised that the document was pulled together electronically and was a far more efficient means of producing the Budget Book;
- (b) A Member was of the view that the Budget Book was still lacking in sufficient detail to enable Members to be able to adequately monitor the Council's finances. In response, officers were able to provide assurances that the information was still contained in the Budget Book, but it was now being presented in a different format. Furthermore, it was acknowledged that part of the confusion arose from how the Budget Book was displayed electronically on Member iPads.

It was then:

RESOLVED

That the Draft Budget Book 2016/17 (as presented to the Committee) should be noted and endorsed for publication.

A.12/16 DRAFT STATEMENT OF ACCOUNTS 2015/16

A report was presented that advised that, in line with common practice in the commercial sector, local authorities were now required to approve their accounts following the completion of an audit.

The report also highlighted that an underspend of £69,000 had been generated in 2015/16, which had been transferred to the General Fund Balance (unearmarked revenue reserve).

In discussion, reference was made to:-

- (a) the tone of the foreword. In reiterating previously raised concerns, some Members felt that the tone of the foreword gave emphasis to Council success stories and, as a consequence, it should also be more conciliatory and thereby reflective of the difficult year that the Council had endured. In response, the Section 151 Officer explained that the Narrative Statement (which was a new requirement for the 2015/16 Accounts) contained a section on Performance Indicators for the year. In this section, it was explained that performance in some key areas had been below that which should be expected and also that improvement plans had been put in place;

- (b) the Waste Transfer Station. For clarity, officers informed that Torbay Transfer Station was used for those properties in the South Hams that were located in closer proximity to Torbay. It was noted that this operational decision was taken in light of costs being directly linked to the distance that waste was being transported;
- (c) the Commercial Services variations. When questioned, officers stated that the £103,000 increase in expenditure for Commercial Services was largely as a consequence of higher staffing and agency costs that had been dictated by external market forces. In expanding upon this point, a Member expressed her great concerns over the seemingly ever increasing cost pressures in relation to waste and street cleaning;
- (d) the Local Authority Controlled Company (LACC) proposals. Having been informed that Zurich Municipal had undertaken a review (for no charge to the Council) into the strategic risks relating to the LACC proposals, it was **PROPOSED** and **SECONDED** and when put to the vote declared **CARRIED** that this matter be included on the Committee agenda for its next meeting on 22 September 2016;
- (e) the average end to end time target for Benefits New Claims. In expressing concerns at the current performance of this indicator, a Member felt that this should be given greater consideration and was of the view that even the prescribed target was excessively long;
- (f) planning enforcement cases. Officers confirmed that the Council decision to allocate additional resources for planning enforcement had begun to pay off and the caseload backlog was now reducing;
- (g) the Revenue Support Grant. In response to a Member lamenting the loss of the Grant, the Leader advised that both the Local Government Association (LGA) and the District Council Network (DCN) met frequently with the Secretary Of State. During their discussions, LGA and DCN representatives were regularly pressing the need for all local authorities to continue to be in need of this revenue source from Central Government;
- (h) the Marine Infrastructure Reserve. A Member highlighted that a £40,000 contribution had been made to this Reserve from Salcombe Harbour Board and made a plea that these monies were ringfenced for projects related to the Kingsbridge / Salcombe Estuary;
- (i) the reductions in Coastal Recovery Grant. When questioned, officers advised that they would provide an explanation at the next Audit Committee meeting for this reduction.

It was then:

RESOLVED

That the draft Statement of Accounts for the Financial Year ended 31 March 2016 be noted.

A.13/16 KPMG INTERIM AUDIT REPORT 2015/16: MANAGEMENT RESPONSE

The Committee considered a report produced by KPMG that provided the management responses to the key findings arising from the interim audit work undertaken by KPMG at the Council in relation to the Authority's financial statements.

In discussion, reference was made to:-

- (a) the review of reconciliations. Whilst a Member expressed his concerns over the risks associated with digital signatures, the majority of Members felt it was right and proper for this recommendation to be explored in more detail;
- (b) allocation of shared costs. It was noted that KPMG had reviewed the Council's approach to shared cost allocations and was supportive of the methodology used;
- (c) payroll and HR Documentation. Members were informed that this risk was identified in light of KPMG representatives being unable to confirm in every instance that they had reviewed whether a starter and leaver form had been completed.

It was then:

RESOLVED

That the management response to the KPMG Interim Audit Report 2015/16 be noted.

A.14/16 EXCLUSION OF PUBLIC AND PRESS**RESOLVED**

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item of business as the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act is involved.

A.15/16 BUSINESS RATES APPEALS PROVISION

As highlighted above (Minute A.11/16 refers), an exempt paper was presented to the Committee that sought its endorsement to support a specific business rate appeal provision.

Following a brief debate, Members proceeded to endorse these proposals.

It was then:

RESOLVED

That the business rate appeal provision (as set out in the exempt paper presented to the Committee) be endorsed.

(Meeting commenced at 2.00 pm and finished at 3.30 pm)

Chairman