

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE  
HELD AT FOLLATON HOUSE, TOTNES ON 17 JULY 2012**

<b>Members in attendance</b>			
<b>* Denotes attendance</b>		<b>∅ Denotes apology for absence</b>	
*	Cllr I Bramble	*	Cllr L P Jones
∅	Cllr C G Bruce-Spencer (Vice Chairman)	*	Cllr J T Pennington (Chairman)
∅	Cllr A S Gorman		

<b>Item No</b>	<b>Minute Ref No below refers</b>	<b>Officers and Visitors in attendance</b>
All Items		Head of Finance and Audit, Chief Accountant, Chief Internal Auditor, and Member Support Officer;

**A.07/12 MINUTES**

The minutes of the meeting of the Audit Committee held on 14 June 2012 were confirmed as a correct record and signed by the Chairman.

**A.08/12 DECLARATIONS OF INTEREST**

Members 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.09/12 SYSTEM OF INTERNAL CONTROL; AND ANNUAL GOVERNANCE STATEMENT 2011/12**

Members considered a report which provided them with information to allow them to independently examine the draft Annual Governance Statement and the supporting process and assurance streams. The report further provided confirmation that the Council had a sound framework of governance and system of internal control, and suitable arrangements for the management of risk.

During the discussion, the following points were raised:

**Localism Act - Code of Conduct:** An issue relating to Standards had arisen within the review of the Code of Corporate Governance (Joint Audit and Standards Committee - April 2012) which was reflected in the draft Annual Governance Statement (AGS). It was noted that official guidance on this topic had not been issued until June 2012 and the Council adopted an interim position at its meeting in June 2012. As a result, this would need to be revised in the AGS and an updated version would be brought to the Audit Committee in September, prior to it being signed off by the Leader and Deputy Leader.

**Charging for Shared Officers:** A lot of work had been undertaken to ensure there was robust and transparent re-charging for shared officers to produce the Statement of Accounts. Officers would continue to review how other Councils had approached this issue. For 2011/12 and going forward, the methods that had been adopted thus far were deemed to be cost efficient and practical and had been the subject of an overview by the external auditors. These methods included identifying where staff were managing other staff, or managing the partner authority's case load supported by system data, or fielding telephone calls, but some staff would still be required to continue to time record. Future work would include a visit by officers to another Council, where a process of recharging was being undertaken, to see what could be learned.

**Dartmouth Embankment:** In a previous agreement, the Dartmouth Harbour and Navigation Authority (DHNA) managed the asset in return for any income that the Authority might otherwise have received as Harbour dues. However, in 2003 the then Monitoring Officer felt the arrangement was not fit for purpose and the agreement was terminated. The current Head of Assets would be taking this matter forward with the Council Solicitor and was working with the Harbour Authority to seek an acceptable solution. The Chief Internal Auditor informed Members that he would be reporting back on this issue at the next meeting of the Audit Committee in September 2012.

**Land Charges:** The Officer informed that he would be bringing a report on this issue at the next meeting of the Audit Committee in September 2012.

It was then:

**RECOMMENDED**

That the **Council** be **RECOMMENDED** to approve the Annual Governance Statement (AGS) for 2011/12 and supporting evidence.

A.10/12

**DRAFT STATEMENT OF ACCOUNTS 2011/12**

The Head of Financial Services and Audit wished to record her thanks to all the staff in the Finance Team for all their hard work in producing the Draft Statement of Accounts which had a very tight timescale at the end of June.

The officer and Chief Accountant then presented the Draft Statement of Accounts and covering report. It was noted that the Statement of Accounts was an essential feature of public accountability, since it provided a stewardship report on the use of publically raised funds. The closing of the accounts was also an important part of the budgetary process, as it confirmed the availability of reserves and balances for future use.

During the discussion, the following points were raised:

**Budget Surplus:** Members were informed that a monthly budget monitoring report was produced and a quarterly report was presented to the Executive. Any reductions in income, such as from trade waste was factored into the budgets set for the following year and actions such as reducing costs were considered.

**Audit Savings:** Members were informed that a saving of some £40,000 would be made in the future, arising from using newly appointed external auditors to replace the Audit Commission.

**Pay Inflation:** A provision of £135,000 had been set aside for a 1% pay increase, but this had not been forthcoming and the freeze on pay continued.

**Pension Provisions:** Members were informed that every three years there was a full scale review of the pension fund. Whilst the population was living longer, putting a strain on pension provision, there had been some changes both in terms of the higher age of retirement, the proposed change to a career average from final salary to determine a pension sum and also the fact that people were choosing to work beyond retirement age. Capital funds had been used in the past to top up the fund when required, but with the above changes it was not envisaged that this approach would be required in the future.

**Treasury Management:** Members were informed that a credit rating agency was used on a daily basis to inform decisions about the Authority's Treasury Management Strategy. The Authority had in recent years taken a very cautious approach with regard to investment which, coupled with comparatively low interest rates had resulted in a significant drop in revenue to the Council. Typically, the interest earned on investments had been a major source of income to the Council.

**Employment Estates:** The Chief Accountant informed Members that rental income from Employment Estates was holding up well, though with some turnover in the units. However, if the national economic picture deteriorated further, this situation could change.

It was then:

### **RESOLVED**

That the Draft Statement of Accounts for the Financial Year ended 31 March 2012 has been noted.

(Meeting commenced at 10.00am and finished at 11.20 am).

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Chairman