

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 31 JULY 2014**

Members in attendance * Denotes attendance			
*	Cllr I Bramble	*	Cllr L P Jones
*	Cllr C G Bruce-Spencer (Vice Chairman)	*	Cllr J T Pennington (Chairman)
*	Cllr A S Gorman		

Members in attendance and participating
Cllrs J M Hodgson and R J Tucker

Members in attendance and not participating
Cllrs B F Cane, T R Holway, L A H Ward and S A E Wright

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Head of Finance and Audit, Chief Internal Auditor, Principal Accountant, Democratic Services Manager and Grant Thornton Audit Manager
Item 5	A.12/14	Solicitor

A.10/14 MINUTES

The minutes of the meeting held on 5 June 2014 were confirmed as a correct record and signed by the Chairman.

A.11/14 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.12/14 DRAFT STATEMENT OF ACCOUNTS 2013/14

The Committee was presented with a report that presented a summary of net revenue and capital expenditure for consideration and provided an opportunity for Members to comment on the draft Statement of Accounts.

During the discussion, the following points were raised:

- (a) With regard to the increased environmental expenditure, it was noted that this was attributed to the expenditure resulting from the winter storms and floods;

- (b) In respect of the increased costs arising from the planning and development service, the Committee was advised that this was as a consequence of increased external legal fees and other specialist advice. However, Members acknowledged that these increased costs were offset by the additional income (£111,000) which had been generated by the service;
- (c) With regard to the reduced balance within the Strategic Issues Reserve, officers informed that Members had previously agreed to reallocate £300,000 from this Reserve into the T18 Investment Reserve;
- (d) The Committee noted that, as part of the Budget Setting process, Members had decided to no longer make annual contributions to the Community Wellbeing Reserve;
- (e) A debate ensued regarding the rapidly increasing pensions liability. In highlighting this as a cause for concern, the Committee stated the importance of this trend being monitored closely;
- (f) A Member highlighted the comments in the presented agenda report in respect of the transfer of the Council's housing stock in March 1999 which had resulted in a capital receipt of some £42 million. Having been informed that the decision was made for the right reasons at that time and the monies being partly used to both pay off the Council's debt and generate a healthy interest return, a Member felt it would be beneficial for the Community Life and Housing Scrutiny Panel to review the process followed to see if any lessons could be learned;
- (g) Having been invited to attend by the Committee Chairman, the Solicitor responded to some specific questions regarding Section 106 deposits. Following a detailed discussion, Members concluded that a future Development Management Member Workshop should be focused upon the subject of Section 106 Agreements;
- (h) As a general point, Members wished to put on record their praise for the comprehensive glossary of terms and accompanying notes which had supplemented the presented agenda report. In so doing, the Committee felt that these had helped to ensure that the report was more reader friendly and understandable.

It was then:

RESOLVED

That the Draft Statement of Accounts for the financial year ended 31 March 2014 be noted and have been commented upon (as outlined above).

A.13/14 **SYSTEM OF INTERNAL CONTROL AND ANNUAL GOVERNANCE STATEMENT 2013/14**

The Chief Internal Auditor presented the report which provided Members with information to enable them to independently examine the draft annual governance statement and the supporting process and assurance streams.

It was then:

RESOLVED

1. That the draft Annual Governance Statement (AGS) 2013/14 and supporting evidence provided by the presented agenda report have been considered and the AGS should be approved as part of the process of approval for the Statement of Accounts; and
2. That Council be **RECOMMENDED** to amend the Constitution in accordance with the proposals outlined in paragraphs 3.36 and 3.38 of the presented agenda report.

(Meeting commenced at 10.00 am and finished at 11.05 am)

Chairman