

AUDIT SCRUTINY COMMITTEE

14 SEPTEMBER 2016

Present:

Councillor Clarence (Chairman)
Councillors Dewhirst, Golder, Haines, Price and Thorne

Apologies:

Councillor Hockin (Vice Chairman) and Jones.

Also in Attendance:

Geraldine Daly – Associate Director, Grant Thornton
Catherine Brown – Audit Manager, Grant Thornton
Ed Mills – Associate, Grant Thornton
Martin Flitcroft – Finance Manager
Sue Heath – Audit Manager
James Teed – Leisure Manager
Robin Barlow – Compliance and Security Manager – Strata Service Solutions

158. MINUTES

The minutes of the Audit Scrutiny Committee held on 21 July 2016 were confirmed as a correct record and signed by the Chairman.

159. DECLARATIONS OF INTEREST

Councillor Thorne advised that he would leave the meeting should any specific discussion regards Albany House arise at the meeting.

160. GRANT THORNTON AUDIT FINDINGS REPORT

The External Auditor Audit Findings Report summarised the findings in the report for the year ending 31 March 2016.

The External Auditor provided a verbal outline of the key messages, in particular she made reference to:

- Outstanding matters relating to assessment of valuations had now been concluded with no issues being identified;
- Reviewing the final statement of accounts together with the management letter of representation prior to Full Council on 26 September;
- Thanking officers for the timely responses received throughout the site visit and afterwards during the audit process;

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- Updated audit regulations now required the Council to produce a Narrative Statement which required further information than in previous years – the Council had drafted its statement which in terms of the CIPFA code was not inclusive of all requirements and External Audit had made recommendations that next year's Narrative Statement be fully compliant;
- The letter of representation requested that no adjustment be made in 2015/16 regards the NNDR of GP Surgeries but an assurance be given that adjustments be made in the 2016/17 financial year;
- The Council preparing a legal guarantee for pension liability for Strata Service Solutions – management had undertaken this following discussions with the Monitoring Officer and revisions would be made in 2016/17; and
- An unqualified opinion had be given relating to the accounts and also on value for money.

Following Member questions, the Finance Manager advised that both he and the Chief Finance Officer were able to make journal transfers because of the nature of the work and only having a small Finance team but the appropriate checks were in place to safeguard and monitor this.

The External Auditor noted that whilst an unqualified opinion regards value for money had been given the Council should remain vigilant that future financing would continue to be challenging and therefore savings plans should continue to be robust and the risk of an over reliance on New Homes Bonus should not be understated.

Resolved

That Council be recommended to note the Audit Findings Report.

161. STATEMENT OF ACCOUNTS

Prior to consideration of this item, the Chairman submitted that the proposed resolution should read as follows:

That the Audit Scrutiny Committee recommend that the statement of accounts 2015/16 including the annual governance statement and letter of representation for approval to Council subject to any final adjustments agreed with the external auditors which will be reported to Council.

The Finance Manager advised that the external audit had been completed with very few changes to the accounts being needed. In particular, he referred to:

- One item regards NNDR would be amended in 2016/17;

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- Draft balance sheet was now in a much better position following improvements to pension liabilities;
- The letter of representation would be signed by the Chairman at the Council meeting on 26 September which gave various assurances to the external auditors; and
- Very little had changed since the draft accounts were brought before Audit Scrutiny at its July meeting and was being recommended for approval.

Following questions from Members, the Finance Manager advised that:

- Figures for pension liabilities were received from Peninsula Pensions and changes in the fund is the result of their assumptions which recently have changed to positive although there was a tendency for fluctuation to occur;
- The total monies owed to the Council for council tax was a cumulative amount; any monies written off would still be pursued if the Council was made aware of whereabouts of the individual and possible monies that could be used to reimburse the debt;
- The Council's input of £1M into the pension fund was an invest to save measure and it was hoped at the next 3 yearly valuation that Teignbridge's percentage allocation will be lower than it would otherwise have been for the next three years.

Resolved

That the statement of accounts 2015/16 including the annual governance statement and letter of representation for approval to Council subject to any final adjustments agreed with the external auditors which will be reported to Council.

162. INTERNAL AUDIT PROGRESS REPORT

Members considered a report which detailed the progress against the Audit Plan and the outcomes of completed audits.

The Audit Manager advised that:

- She had recently attended the Network 90 event where users were able to tell her what service they wished to receive from internal audit;
- It was appropriate to delay the audit of payroll whilst the department undertook a major systems upgrade; this could be accommodated to no detriment to the service;
- An audit of Seasonal leisure and resorts had taken place – this included spot and probity checks – assurance was good;
- Albany House – detailed report of operations went before Overview & Scrutiny on 12 September 2016; and

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- Audits would be taking place concerning Finance, Health & Safety, Estates and Community Infrastructure Levy.

Following questions from Members, it was advised that

- Physical ICT assets were the responsibility of Strata however it was incumbent on Teignbridge to be vigilant against the threat of cybercrime at all times. Strata were responsible for putting in place logical controls but the data being processed on these systems was under the ownership of the Council as a data controller and processor;
- The insurance contract had been renewed through Zurich as it was considered good value for money at the time the renewal notice had been received;
- There had been no recharges of insurance premiums to Broadmeadow and Market Walk – the Audit Manager would check if this had been actioned and report back to the next Committee with further information on this;
- A new internal insurance system was currently programmed with Strata and would allow further efficiencies to be made in addition to being more user friendly. The Finance Manager would welcome the software being installed at the earliest convenience.

The Chairman thanked officers concerned for the good work and it was

Resolved

That the report be noted.

163. FINANCIAL INSTRUCTIONS AND CONTRACT PROCEDURE RULES WAIVERS

The report which provided detail of financial waivers authorised since the last meeting was noted.

The Audit Manager confirmed that repairs to the bulking station following a fire would be recoverable under the Council's insurance.

164. STRATA PRESENTATION – SAFETY AND SECURITY OF DATA

The Security & Compliance Manager, Strata Service Solutions gave a presentation regards his teams role in protecting the Council from data loss and the security of data held across the authority.

Following questions, the Security & Compliance Manager stated that:

- There were two data centres approximately a mile apart acting as a back-up if one were to be taken down;
- Back-ups of data were run every 24 hours; and

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- Data security policies across Exeter City, East Devon District and Teignbridge District Council were being aligned as closely as possible to enable a one policy fits all approach.

The Chairman thanked the officer for his presentation.

165. LEISURE MANAGER – ACTIONS FOLLOWING INTERNAL AUDIT OF THE SERVICE

The Leisure Manager provided an update to the Committee as to the actions arising from the recent internal audit of the service.

In particular, he stated that:

- The recent staff restructure had been completed with there now being three duty managers at Newton Abbot Leisure Centre, also a third soon to be appointed at Dawlish;
- Work was ongoing to produce up to date work instructions, electronic point of sale system, induction checklists including competency checks;
- A customer experience guide had been produced;
- The removal of duplicate memberships from the system had been concluded in the previous few months with the system being much more manageable as a result;
- Cash payments were being reduced;
- Financial profiling underway with the Finance Team which will allow for better reporting of income and expenses;
- Memberships are up 10% from the beginning of this calendar year ;
- Adequate method of stock taking reporting and token sales was to be put in place with the Legend stock management module; and
- Performance management was being impressed on staff to provide better training, ways of working with the ultimate expectation being placed on the member of staff concerned to help drive the efficiencies being described previously.

The Chairman thanked the Leisure Manager for his attendance and update.

Resolved

That the update be noted.

166. WORK PROGRAMME

Members requested a presentation from the Insurance Officer as to his role and responsibilities at the December meeting of the Committee.

CHRIS CLARANCE
Chairman