

GOVERNANCE AND AUDIT COMMITTEE

28 NOVEMBER 2017

Present:- Councillor Barlow (Chair), Councillor Chillingworth, Councillor Harris, Councillor F Maclean and Councillor Willetts

83. Minutes

RESOLVED that the minutes of the meeting held 17 October 2017 were confirmed as a correct record.

84. Annual Audit Letter

Steve Heath, Finance Manager, introduced the Annual Audit Letter Report. Kevin Suter and Dan Cooke, auditors from Ernst and Young were also in attendance to present the report. The report requests that the Committee consider and notes the contents of the 2016/17 Annual Audit Letter.

Kevin Suter, provided the Committee with a brief outline of the report and stated that the key purpose of the report is to provide a summary of the audit without the technical language. As is required the Council have published the Annual Audit Letter on the website for members of the public to access.

Kevin Suter highlighted that the Committee held a detailed discussion in July when the accounts were approved and signed off with an unqualified opinion and a value for money conclusion. Kevin Suter confirmed that the report does not contain any additional information for the Committee to consider. Kevin Suter informed the Committee that looking forward to 2017/18, the Council was in a good place as it was already achieving the earlier deadline and had been doing so for a number of years.

RESOLVED that the Committee considered and commented on the contents of the 2016/17 Annual Audit Letter.

85. Mid-Year Internal Audit Assurance Report 2017/18

Andrew Weavers, Strategic Governance Manager, and Alan Woodhead, Mazars, introduced the Mid-Year Internal Audit Assurance Report 2017/18. The report requests that the Committee review and comment on the internal audit activity for the period 1 April 2017 to 30 September 2017 and the performance of internal audit by reference to national best practice benchmarks.

Andrew Weavers provided the Committee with a summary of the report and highlighted that an effective internal audit summary had been provided.

Questions from the Committee members included a request for more information about the audit of the events service. In response, Alan Woodhead stated that this particular audit was requested to provide guidance on the processes in place and to establish best practice. The audit was classed as a pre-audit as it is a new service combining functions from different areas of the authority. The number of recommendations outlined was in line with those expected from a new and complex service. A full audit will be undertaken in the future.

In response to further questioning regarding the events service and the audit standards prior to merging of the team. Andrew Weavers informed the Committee that the service had also refocused to become more commercialised. Ann Hedges, Chief Operating Officer, highlighted that the service had previously had five different service areas managing different elements of events, which creates a learning curve for the new members of staff.

A Committee member queried whether the Council should be concerned that no full audits had been received. In response Officers highlighted that full assurance levels are difficult to achieve and there are no concerns that the relevant controls are not in place. Ann Hedges confirmed the Council is pleased with substantial assurance levels as it shows that the required controls are in place.

The Committee also received assurances that the full detail of audit recommendations are included within the report. Further background details on the results and recommendations of an audit are provided to heads of services when the audit team reports back.

RESOLVED that the Committee reviewed the internal audit activity for the period 1 April to 30 September 2017 and the performance of internal audit by reference to national best practice benchmarks.

88. Treasury Management Strategy Statement – Mid-Year Review 2017-18

Steve Heath, Finance Manager introduced the Treasury Management Strategy Statement – Mid-Year Review 2017-18. The report requests that the Committee note the report and treasury activity and to recommend approval to Cabinet of any changes to the Treasury Management Strategy Statement for the year, including Prudential Indicators, the investment criteria and the credit methodology.

Steve Heath provided the Committee with a summary of the report. Steve Heath highlighted that the report serves as a review of the strategy as agreed by the Cabinet. There are no proposed changes or deviations from the strategy during the year so far. Steve Heath highlighted that the report includes information on the increase of the Bank Rate to 0.5%, with the expectation that this will increase to 1% by 2020. Steve Heath confirmed that all investments are within approved limits and had outperformed the benchmark over the last six months. The overall financial position is in line with the budget as reported in the Quarter 2 Revenue Monitoring report.

A Committee member questioned whether comparisons are made with previous treasury management reports to see whether the predictions made were consistent with what occurred. Steve Heath informed the committee that the report includes comparisons with the Treasury Management Strategy Statement predictions and the current situation. The general approach and tone of the forecast has been unchanged for some time.

In response to a question about the flexibility of the strategy, in relation to the Brexit negotiations and whether changes could occur quickly if required, Steve Heath confirmed that the situation is monitored on a regular basis with receipt of daily, weekly and monthly e-mail updates. In addition to this, face to face meetings occur with Link Asset Services twice a year to discuss strategy. If there were any shocks or significant events they would be reported in the next Capital Monitoring report.

A question was asked regarding how the Council decides the level of internal borrowing. Steve Heath stated that there are a number of considerations for the level of internal borrowing undertaken by the Council. With regard to external borrowing, the Council has an upper limit and has to ensure the sustainability and affordability of external borrowing. With regard to internal borrowing there are no stipulations, but the Council reviews the position regularly and needs to be aware of the implications of borrowing on the budget. Steve Heath also informed the Committee that the Treasury Management Strategy has a low risk approach, investing with counterparties that have the highest credit quality.

Committee members requested that the Cabinet be made aware that the Treasury Management Strategy Statement had been reviewed by the Committee and that no changes had been recommended.

RESOLVED that the Treasury Management Strategy Statement Mid-Year Review Report 2017/18 be noted.

87. Work Programme 2017-18

Councillor Barlow introduced the Work Programme 2017-18 which requests that the Committee note the report.

The Committee discussed the Review of Meetings and Ways of Working report was scheduled for the next Governance and Audit Committee meeting. Committee members stressed the importance of Councillors and Officers providing a response to a request for views about later start times of meetings, which could then be included in the report. A member of the Committee also suggested that the report include information about the possibility of visitors to the Committee being able to use video conferencing facilities to virtually attend and participate in the meeting.

Committee members were also informed that the Audit Plan 2017/18 could be brought to the January Committee meeting, rather than the March meeting and that the Interim Internal Audit Monitor scheduled for January was a duplicate item that could be removed.

RESOLVED that the Work Programme 2017-18 be noted.