

Audit Committee
13 DECEMBER 2017

Present: Councillors: Stuart Ritchie (Chairman), Paul Marshall (Vice-Chairman), John Chidlow, Brian Donnelly, Tim Lloyd and Godfrey Newman

Apologies: Councillor: Adrian Lee

AAG/70 **MINUTES**

The minutes of the meeting held on 25 July 2017 were approved as a correct record and signed by the chairman.

AAG/71 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/72 **ANNOUNCEMENTS**

The Chairman noted that he and the Vice-Chair would be attending a CIPFA training course on audit committees in January 2018.

AAG/73 **ANNUAL AUDIT LETTER**

The external audit manager presented the Annual Audit Letter with the purpose of identifying key issues arising from the audit.

Members noted the contents of the letter and that the Audit was on schedule to be completed before July 2018.

AAG/74 **AUDIT PLAN 2017/18**

The Audit Director, Ernst & Young, presented the External Auditors Plan in respect of the 2017/18 audit. The plan set out the audit work proposed for the audit of financial statements; the statutory conclusion on the Council's arrangements to secure value of money; and the review of the Whole of Government Accounts return.

Members noted the key risks that would be assessed during the audit, these included the introduction of the new finance management software; the value of land and buildings owned by HDC; and under the value for money conclusion risk, the purchase of The Forum.

Members suggested that the External Auditor consider whether the scope of the external audit on the value for money risk should be expanded to include: 'The

Bridge' leisure centre, Hop Oast Depot, and the new Waste, Recycling and Cleansing fleet and staffing options.

AAG/75 **PROGRESS REPORT**

The External Audit Manager gave an overview of the plan for the 2017/18 audit.

Members noted the report, especially the summary of Grant Certification Work.

AAG/76 **TREASURY MANAGEMENT STRATEGY 2018/19**

The Group Accountant (Technical) presented the report to Members.

The report indicated that investment criteria and limits were largely unchanged due to an expected fall in investments and the potential of some borrowing.

CIPFA and the DCLG would be reviewing the Strategy that may change it significantly, the results of this review were expected to be published early 2018.

RESOLVED

- i) That the Treasury Management Strategy for 2018/19 be noted

RECOMMENDED TO COUNCIL

- i) That the Treasury Management Strategy for 2018/19 be approved
- ii) That the Treasury Management Indicators for 2018/19 be approved

REASONS

- i) The council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CUPFA Code) which required the Council to approve a treasury management strategy before the start of each financial year
- ii) The Department for Communities and Local Government (DCLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year

AAG/77 **TREASURY MANAGEMENT ACTIVITY AND PRUDENTIAL INDICATORS
MID-YEAR REPORT 2017/18**

The Group Accountant (Technical) presented a report on treasury management activity and prudential indicators for the first half of 2017/18.

Members noted that the Council's external debt was £9m and investments totalled £56.3m, both having increased since 31 March 2017.

RESOLVED

- i) That the treasury management stewardship report for the first half of 2017/18 be noted
- ii) That the mid-year prudential indicators for 2017/18 be noted

REASONS

- i) This mid-year report is a requirement of the Council's reporting procedures
- ii) This report meets the requirements of the relevant CIPFA Codes of Practice for Treasury Management and Prudential Indicators in Capital Finance

AAG/78 **RISK MANAGEMENT - QUARTERLY UPDATE**

The Director of Corporate Resources presented the latest quarterly update of the Corporate Risk Register.

The Senior Leadership Team had reviewed all outstanding actions on the corporate risk register and updated the comments to reflect the current position for each risk. Two emerging risks had been added relating to a change of the Financial Management System (CRR20) and Waste Collection (CRR24).

RESOLVED

That the report be noted.

REASON

To ensure that the Council has adequate risk management arrangements in place.

AAG/79 **INTERNAL AUDIT - QUARTERLY UPDATE REPORT**

The Chief Internal Auditor submitted a report summarising the work of the Internal Audit Department since 25 July 2017.

The report summarised the findings of six internal audits that had been undertaken: Use of Consultants; Forward Plan; Commercial Rents; New Finance System – Data Migration; Taxi Licences; and Community Link. The Audit opinion on each of these was of reasonable assurance.

The report also summarised other work being undertaken by the Internal Audit team and gave a progress update in respect of the Audit Plan. Members noted that 'Cloud Computing' and 'Rural Car Parking' would be removed from the Audit plan.

Members requested that the Director of Corporate Resources raise the subject of the increase of rent arrears on accounts that are managed by the Management Agents with the responsible Head of Service and that a briefing on the matter be issued to Members early 2018.

RESOLVED

That the summary of audit and project work undertaken since July 2017 be noted

REASONS

- i) To comply with the requirements set out in the Public Sector Internal Audit Standards 2013 (amended April 2017)
- ii) The Audit Committee is responsible for reviewing the effectiveness of the Council's system of internal control

AAG/80 **URGENT BUSINESS**

There were no urgent matters to be considered.

AAG/81 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED

That, under Section 100A(2) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information, as defined in Part I of Schedule 12A of the Act, by virtue of the paragraph specified against each item, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

AAG/82 **INTERNAL AUDIT - QUARTERLY UPDATE ON AUDIT FOLLOW-UPS**

The Chief Internal Auditor submitted a report summarising progress since July 2017 on the implementation of actions in respect of audits undertaken in 2016/17, 2015/16, 2014/15 and 2013/14.

RESOLVED

- i) That the progress in terms of agreed actions implemented since June 2017 be noted
- ii) That the position in respect of the specific areas highlighted by the Chief Internal Auditor be noted

REASON

The Audit Committee is responsible for reviewing the effectiveness of the Council's system of internal control

The meeting closed at 7.21 pm having commenced at 5.30 pm

CHAIRMAN