

**AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE**

**MINUTES OF MEETING HELD ON 11 OCTOBER 2018**

**I N D E X**

<b>Page No</b>	<b>Minute No</b>	<b>Heading</b>
1	278	Apologies for Absence
1	279	Declaration of Interests
1	280	Minutes of Last Meeting
2	281	Arlingclose Representative – Presentation - Treasury Management and Investment Opportunities
2	282	Annual Audit Letter 2017/18
3	283	Change of Order of Agenda
3	284	Risk Management Update, Partnership Working and Strategic Risk Register
3	285	Internal Audit Consortium Summary of Progress on the Annual Internal Audit Plan 2018/19
4	286	Urgent Business – Public Session
4	287	Exclusion of the Public
4	288	Internal Audit Report – Health and Safety
4	289	Readmission of the Public
5	290	Work Programme 2018/2019

## **AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE**

### **MINUTES OF MEETING HELD ON 11 OCTOBER 2018**

#### **Present:**

Councillor G Morley ..... (Chair)  
Councillor G Butler ..... (Vice Chair)

Councillor B Barnes  
“ A Garrett

Councillor S Ellis

#### **Also Present:**

D Clarke - Joint Head of finance and Resources and Section 151 Officer  
D Cairns - Senior Governance Officer  
J Williams - Internal Audit Consortium Manager  
S Sternberg - Joint Head of Corporate Governance and Monitoring Officer (for Min No 288)  
L Hickin - Joint Strategic Director People (for Min No 288)  
R Hutchinson - Health and Safety Coordinator (for Min No 288)  
S Kitching - Arlingclose Limited (for Min No 281)  
P Roberts - Arlingclose Limited (for Min No 281)

#### **278 Apologies for Absence**

Apologies for absence had been received from Councillors D Skinner, C A Smith and M E Thacker.

#### **279 Declarations of Interest**

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and to withdraw from the meeting at the appropriate time.

There were no interests declared at the meeting.

#### **280 Minutes of Last Meeting**

Councillor G Butler requested that it be noted that the attendance at the previous meeting indicated that he was present when he had in fact given his apologies.

**RESOLVED** – That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 26 July 2018 be approved as a correct record, subject to the correction as noted above, and signed by the Chair.

**281 Arlingclose Representative – Presentation – Treasury Management and Investment Opportunities**

The Committee received a presentation from Arlingclose, the Council's Treasury Management Advisors, on the Council's Treasury Management, Investments and Borrowing.

The presentation outlined the definition of Treasury Management and relevant principles under the CIPFA Codes and Guidance; the Members responsibilities in setting the budget and relevant strategies; the economic outlook; investments and their advantages and disadvantages; and current borrowing options and their advantages and disadvantages.

The Members were advised that there were a number of investment and borrowing options available on the market but the Council's financial needs as well as the appetite for risk v reward would determine their suitability.

Members discussed the need for security in investment to be prioritised due to the responsibility as holders of public funds however also recognised that factors such as liquidity and yield would need to be considered in the overall planning and consideration of the Treasury Management activities.

When considering the options for investments the Treasury Management advisors provided information on the Council's current investments and the credit ratings and percentages of return.

It was noted that in comparison to other authorities there was no trend that demonstrated the taking of greater risk would realise a greater return on investment. The data in the presentation demonstrated that some authorities received a lower rate of return from higher risk investments. Others took lower risk investments with a similar amount of return demonstrating that it may be prudent to pursue safer investments as greater risk does not necessarily lead to greater return.

The volatility in economic markets and uncertainty in future matters outside of the Council's control, were discussed, for example the lifting of the cap on the Housing Revenue Account.

Members thanked the representatives from Arlingclose for attending the meeting and for their presentation.

**RESOLVED** - That the presentation be noted.

**282 Annual Audit Letter 2017/18**

The Committee considered a report of the Council's external auditor, KPMG, which provided the Annual Audit Letter in respect of 2017/18.

The Committee noted the conclusion of the Audit and that the Annual Audit Letter was a positive report, making no recommendations.

This was the final report to be received from KPMG as this was the conclusion of their audit contract.

The Annual Audit Letter would also be reported to full Council at its meeting 5 November 2018 to apprise all members of the outcome of the audit.

RESOLVED -That the Committee notes the Annual Audit Letter 2017/18.

**283 Change of Order of Agenda**

The Chair with the consent of the Members of the Committee, agreed that the order of the agenda be amended to that as set out within these minutes.

RESOLVED - That the order of the agenda be amended to that as set out within these minutes.

**284 Risk Management Update, Partnership Working and Strategic Risk Register**

The Committee considered the report of the Joint Head of Finance and Resources and Section 151 Officer which advised Members of the Strategic Risk Register as updated on 30 June 2018.

Members were advised that the only changes to the Risk Register from the previous versions were to alter Risk 11 relating to the Local Plan to reflect that the Local Plan had been submitted and the remaining risk related to the conclusion of the independent examination and the Local Plan being found to be sound.

An additional risk was included in the Risk Register which related to the impact of HS2 and the electrification of the Midland Mainline on the environment, heritage, communities and businesses within the District.

RESOLVED - That the Committee note the report and the Strategic Risk Register.  
(Joint Head of Finance and Resources and Section 151 Officer)

**285 Internal Audit Consortium Summary of Progress on the Annual Internal Audit Plan 2018/19**

The Committee considered the report of the Internal Audit Consortium Manager detailing progress made by the Internal Audit team in respect of the 2018/19 internal audit plan. The report included a summary of the internal audit reports that had been issued between 14 July 2018 and 21 September 2018.

During this period internal audit had issued 4 reports: 2 had concluded that reasonable assurance was provided, 1 was substantial assurance and 1 was limited assurance.

The Committee were advised that no issues relating to fraud had arisen.

RESOLVED - That the Committee note the Internal Audit Progress report.  
(Head of Internal Audit Consortium)

**286 Urgent Business – Public Session**

There was no urgent business to be considered in the public session of this meeting.

**287 Exclusion of the Public**

RESOLVED - That the public be excluded from the meeting during the discussion of the following item of business to avoid the disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended by the Local Government (access to Information) (Variation) Order 2006) [The category of exempt information is stated after each minute]

**288 Internal Audit Report – Health and Safety**

The Committee considered a report of the Joint Head of Finance and Resources and Section 151 Officer relating to an Internal Audit report on Health and Safety.

The report set out the result of the audit and the recommendations that had been made.

The Joint Head of Corporate Governance and Monitoring Officer, with responsibility for Health and Safety, outlined the progress that had been made in the implementation of the recommendations. A number of the recommendations had already been completed, and some were part implemented on a temporary basis with the intention to move onto new software and the software options were being explored.

The Committee were also advised that whilst the latest Health and Safety policies had been approved by Council there remained a number of arrangements still to be finalised and it was hoped that these would be brought to Council in November for approval.

The Strategic Director - People advised the Committee of the arrangements being put in place to ensure that all service managers across the Council were aware of their responsibilities in respect of Health and Safety as well as the role of the Health and Safety service in supporting the delivery of this important function.

Members commented that they were pleased to see that progress had already been made and reassured that the issue was being taken seriously.

RESOLVED - That the Committee notes the report and the updated Action Plans and Implementation Schedules and thanked the Officers for attending to provide an update on the report.

(Joint Head of Finance and Resources and Section 151 Officer)  
(Paragraph 3)

**289 Readmission of the Public**

RESOLVED - That the public be readmitted to the meeting.

**290 Work Programme 2018/2019**

The Audit and Corporate Governance Scrutiny Committee considered its Work Programme 2018/2019 and were advised that the matters as previously discussed would be added to the Work Programme, including the monitoring of recommendations made under previous audit reports.

The Committee were also advised that the Standards Committee were due to commence their Constitutional Review at their next meeting. The report to the Standards Committee included a recommendation that the Terms of Reference of the Audit and Corporate Governance Scrutiny Committee be reviewed during the year. Members were advised that a report on this review would be added to the agenda for the next meeting in order to comply with the timetable for the Constitutional Review.

**RESOLVED** - That the Work Programme 2018/2019 be noted, subject to the amendments as outlined above.

(Joint Head of Corporate Governance and Monitoring Officer)

---