

AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 16 NOVEMBER 2017

I N D E X

Page No	Minute No	Heading
1	353	Apologies for Absence
1	354	Declaration of Interests
1	355	Minutes of Last Meeting
1	356	Treasury Management Update
2	357	Annual Audit Letter 2016/2017
3	358	Internal Audit Consortium Summary of Progress on the Annual Internal Audit Plan
3	359	Corporate Plan Targets Performance Update – July – September 2017 (Q2 – 2017/18)
4	360	Medium Term Financial Plan – Budget Monitoring Report, Quarter 2 – July to September 2017
4	361	Medium Term Financial Plan – Revised Budget 2017/18
4	362	Risk Management Update, Partnership Working and Strategic Risk Register
5	363	Key Issues of Financial Governance
5	364	Urgent Business Public Session

AUDIT AND CORPORATE GOVERNANCE SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 16 NOVEMBER 2017

Present:

Councillor G Morley(In the Chair)

Councillor C Smith (Vice Chair)
“ G Butler
“ G Hopkinson

Councillor B Barnes
“ S J Ellis
“ D Skinner

Also Present:

D Clarke - Assistant Director – Finance, Revenues and Benefits
S Cottam - Senior Governance Officer (Acting)
K Hanson - Strategic Director
J Williams - Head of Internal Audit
T Crawley - KPMG
C Booth - Strategic Director – Arlingclose Limited

353 Apologies for Absence

Apologies for absence had been received from Councillors A Garrett and M Thacker.

354 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 this meeting.

355 Minutes of Last Meeting

RESOLVED – That the Minutes of the meeting of the Audit and Corporate Governance Scrutiny Committee held on 28 September 2017 be approved as a correct record and signed by the Chair.

356 Treasury Management Update

The Committee considered a presentation by Cecilie Booth from Arlingclose Limited on Treasury Management for Elected Members. The purpose of the presentation was to outline the framework and enable an evaluation of the effectiveness of the Council’s current arrangements. The presentation covered:

- Legislation and guidance
- Role of Elected Members
- Risk and Reward
- External Context
- Local Context
- Options for the Future

In summary:

External Context:

- Ongoing Brexit negotiations and uncertainty expected to lead to slower economic growth and low real wages;
- Bank rate was increased to 0.50% in November 2017, and it was forecast no change for the next three years;
- Banks were now riskier for local authority deposits.

Local Context:

- At 31 January 2017 internal investments were yielding 0.24% with the entire portfolio of £18.0m on a one day notice maturity;
- It was suggested that the portfolio was excessively liquid and the Council would benefit by considering longer term investments and pooled funds;
- The Council should consider additional investment instruments which were not exposed to bail-in such as T-bills, covered bonds and lending to other local authorities.

Advised Strategy:

- Minimise investment risk – partly by minimising investment balances;
- Keep borrowing costs low with short terms loans from other local authorities.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee note the presentation on Treasury Management for Elected Members from Arlingclose Limited.

357 Annual Audit Letter 2016/2017

The Audit and Corporate Governance Scrutiny Committee considered the Annual Audit Letter in respect of 2016/2017 which had been prepared by KPMG for consideration by Elected Members of the Council and other stakeholders. A copy of the Annual Audit letter had previously been circulated to all Members of the Council and would be included on the full Council agenda on 11 December 2017. The Committee were advised that the Annual Audit Letter 2016/2017 had been published on the website.

KPMG did not identify any issues in the course of the audit that were considered to be material. The authority had good processors in place for the production of the accounts and high quality working papers. Officers dealt efficiently with audit queries and the audit process had been completed within the planned timescales.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee considered and noted the attached report from the Council’s External Auditors, KPMG.

(Assistant Director – Finance, Revenues and Benefits)

358 Internal Audit Consortium Summary of Progress on the Annual Internal Audit Plan 2017/2018

The Committee considered the Internal Audit Consortium summary of progress on the Annual Internal Audit Plan 2017/2018 which presented Members with information and progress made by the consortium in respect of 2017/2018 Annual Internal Audit Plan. The report included a summary of the internal audit reports issued during the period and the work in progress. In respect of the audits being reported it was confirmed that there were no issues arising relating to fraud that needed to be brought to the Committees attention. The Committee were advised that any report returning as limited assurance or inadequate assurance would be reported to the Committee.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee notes the report.

(Head of the Internal Audit Consortium)

359 Corporate Plan Targets Performance Update – July – September 2017 (Q2 – 2017/18)

The Committee considered the Corporate Plan Targets Performance Update for July to September Quarter 2 2017/18 which contained the performance outturn as of 30 September 2017. Out of the 56 targets 44 (78%) were on track, including one previously extended, 9 (16%) had been achieved (previously), 2 (4%) had been flagged as an alert and 1 (2%) had been withdrawn previously.

Members discussed the two targets that had been flagged as an alert, target G12 (through a programme of targeted refurbishment to bring 20 empty properties per year back in to use by March 2019) and G14 (through the private rented sector leasing scheme deliver 5 additional units of affordable housing each year).

The Committee were advised that as the performance indicators had struggled over the past few years’ consideration would be given to reviewing and possibly amending these targets. The Committee were advised that this was something that could be looked at through the Corporate Plan Review.

Councillor G Hopkinson requested more information on the key corporate target T07. The Information, Engagement and Performance Manager advised that this information would be provided.

RESOLVED: That the Audit and Corporate Governance Scrutiny Committee notes the progress against the Corporate Plan 2015/19 targets.

(Information, Engagement and Performance Manager)

360 Medium Term Financial Plan – Budget Monitoring Report, Quarter 2 – July – September 2017

The Assistant Director – Finance, Revenues and Benefits presented the report which gave a summary of the budget monitoring for the second quarter of 2017/18. The report summarised the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account, Capital Programme and Treasury Management activity. The report concluded that the Council was operating in line with approved budgets.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee note the report concerning the Council's Budget Monitoring for Quarter 2 2017/18.

(Assistant Director – Finance, Revenues and Benefits)

361 Medium Term Financial Plan – Revised Budget 2017/18

The Audit and Corporate Governance Scrutiny Committee considered a report on the Medium Term Financial Plan Revised Budgets for 2017/18 which would be presented to Cabinet at its meeting on 22 November 2017. The report set out the revised budgets as early as possible within the financial year for the General Fund and HRA which would ensure that identified budgets savings were realised, that all budget managers were working to revised budgets and to allow the planned changes in the HRA budget to be delivered. The improved position on both the Council's main revenue budget reflected a combination of variable circumstances during the year, together with care for budget management and the ongoing policies of progressing the growth and transformation agenda in order to reduce the underlying level of expenditure in line with the ongoing reductions in the level of Government Grants. Savings achieved would be used to support service delivery to residents and tenants in the future financial years.

The update on the 2017/18 Capital Programme reflects schemes approved during the year, approve the detail allocation from the Asset Refurbishment Budget and notes the re-profiling of certain schemes within the programme.

RESOLVED – That the Audit and Corporate Governance Scrutiny Committee note the report concerning the Council's Medium Term Financial Plan – Revised Budgets 2017/18.

(Assistant Director – Finance, Revenues and Benefits)

362 Risk Management Update, Partnership Working and Strategic Risk Register

The Audit and Corporate Governance Scrutiny Committee considered the report concerning the Strategic Risk Register. The Committee were advised that there

had been no changes to the Risk Register from last time and no new risks had been identified.

RESOLVED: That the Audit and Corporate Governance Scrutiny Committee note the report.

(Assistant Director – Finance, Revenues and Benefits)

363 Key Issues of Financial Governance

The Audit and Corporate Governance Scrutiny Committee considered a report of the Key Issues of Financial Governance which was to track progress concerning the implementation of previous recommendations from both external and internal audit and to inform the Committee of the progress in addressing those recommendations. The report included an Action Plan covering the most significant issues raised by the auditors, other inspections and other matters which would significantly impact upon the Council's financial governance arrangements. These included:

- The need to achieve a balanced budget over the period of the Medium Term Financial Plan
- Management of the Council's internal control arrangements
- Marginal reports in respect of Licensing, Health and Safety and also Transport Administration, Social Media and Procurement.

The report contained details of the Council's current position in relation to these issues and the actions taken to address the risk.

RESOLVED – That the Committee notes the report and action plan in respect of the Key Issues of Financial Governance.

(Assistant Director – Finance, Revenues and Benefits)

364 Urgent Business Public Session

The Committee were advised that there were no urgent business to be considered in the public session of this meeting.