

# Audit Committee Minutes

Date: 19 January 2017

Time: 7.00 - 7.40 pm

**PRESENT:** Councillor M C Appleyard (in the Chair)

Councillors S Saddique, Ms C J Oliver and N J B Teesdale, P R Turner and R J Scott

**Also present:** Sue Gill and Preeti Malik (External Auditor, Ernst & Young)

## **33 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Hall, Councillor Lee, Councillor Peart, Councillor Whitehead and Maria Grindley (Ernst & Young).

## **34 DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **35 MINUTES**

Regarding item 31 Audit Committee Work Programme, it was noted that the Certification of Grants and Claims Annual report had not yet been circulated however this would be made available before the next meeting.

**RESOLVED:** That the minutes of the meeting held on 17 November 2016 be confirmed as a correct record and signed by the Chairman.

## **36 RED KITE UPDATE**

As the Housing Services Manager was unavailable to attend the meeting the Committee agreed to defer the report to the next meeting in March.

## **37 DRAFT AUDIT COMMITTEE ANNUAL REPORT**

The Committee received a report which presented a draft 2016 Annual Report that reflected the work of the Committee during 2016 and provides information regarding the Committee's work programme for 2017.

The Audit, Risk & Fraud Manager advised that the report was based on best practice as recommended in CIPFA's Audit Committee Practical Guidance for Local Authorities and Police 2013, and if agreed by the Committee would be published on the Council's website.

**RESOLVED:** That the draft 2016 Annual Report of the Audit Committee be agreed, and published on the Council's website.

### **38 ANNUAL REVIEW OF THE RISK MANAGEMENT POLICY**

The Committee received a report which presented the 2017 Risk Management Policy. The Audit, Risk & Fraud Manager reported that there were no changes to the policy agreed by the Committee in January 2016.

It was noted that training would be offered to Audit Committee members on identified items from the Work Programme.

Regarding Roles and Responsibilities, Cabinet members would be contacted to request details of any training undertaken to meet this expectation. The Audit Risk and Fraud Manager would provide a briefing note to Cabinet members outlining any training requirements.

**RESOLVED:** That the Risk Management Policy 2017 be approved.

### **39 TREASURY MANAGEMENT STRATEGY 2017/18**

The Financial Services Manager presented the Treasury Management Strategy for 2017/18. In 2012 the Council adopted the CIPFA Treasury Management in the Public Services Code of Practice, which requires the Council to approve a treasury management strategy before the start of each financial year; a mid-year report; and an annual report after the end of each financial year. The Committee was invited to approve the Strategy for 2017/18, including the Treasury Management Indicators, and to note the Treasury Management Policy Statement.

It was noted that the main changes in the Treasury Management Strategy was the increase in investments with existing A- or above credit rated counterparties. This was a direct response to the cut in interest rates and a fall in demand for Local Authority deposits.

In response to a query it was noted that there were a number of options to increase yield; investing in local property combining local regeneration objectives, investing indirectly in a property fund, treasury investments with more risk, or increasing limits with existing counterparties. These were all possible options however it was noted that the option to invest directly in local property and increasing limits with existing counterparties were the preferred methods.

Therefore it was **recommended** to Cabinet that:

- (i) the Treasury Management Strategy for 2017/18, and the Treasury Management Indicators contained therein be approved;
- (ii) the Treasury Management Policy Statement, attached at Appendix A of the report, be noted.

**40 EY ANNUAL AUDIT PLAN 2016/17**

The Committee received the EY Annual Audit Plan for 2016/17. Sue Gill, Ernst and Young, presented the plan and reported that two significant risks to the opinion on the financial statement had been identified (risk of fraud in revenue and expenditure, and risk of management override). It was noted that these were standard risks and considered at all audits.

In response to a Member query it was noted that the timetable would be changing in the future and officers had taken steps to manage their work programme accordingly.

Regarding the fees it was noted that the total fee was the same as the previous year. Also the fee for certification of claims and returns was based on works undertaken in 2013/14 when extra work had been required and would be adjusted for work actually undertaken.

**RESOLVED:** That the EY Annual Audit Plan for 2016/17 be noted.

**41 EY ANNUAL FEE LETTER 2016/17**

The Committee received the Annual Audit and Certification Fees letter for 2016/17.

**RESOLVED:** That the Annual Audit and Certification Fees letter 2016/17 be noted.

**42 AUDIT COMMITTEE WORK PROGRAMME**

The Audit Committee work programme as appended to the agenda was reviewed by the Committee.

The Red Kite update would be taken to the next meeting in March.

It was noted that an update report would be provided at the March meeting on the new Annual Governance Statement in line with the new CIPFA guidance.

A progress report from Ernst and Young would be provided at the June meeting.

The Chairman suggested that training be provided in March on the new CIPFA guidance as regards the 2016/17 Annual Governance Statement and the Annual Review of the Anti-Fraud & Corruption Policy in June.

**RESOLVED:** That the forward work programme be noted and updated as above.

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Chairman

**The following officers were in attendance at the meeting:**

- Jemma Durkan - Senior Democratic Services Officer
- Mike Howard - Audit, Risk and Fraud Manager
- Nisar Visram - Financial Services Manager