

# Audit Committee Minutes

Date: 16 January 2014

Time: 7.55 pm

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

Councillors A D Collingwood, P R Turner, D M Watson, R Wilson, I Bates and R Farmer

**Also present:** Ms M Grindley, Mrs C Smith (Ernst & Young )

## 36 MINUTES

**RESOLVED:** That the minutes of the meeting held on 21 November 2013 be confirmed as a correct record and signed by the Chairman.

## 37 APOLOGIES FOR ABSENCE

There were no apologies for absence.

## 38 DECLARATIONS OF INTEREST

Councillor A D Collingwood declared an interest in Minute No. 40 because he worked for a bank included on the list of counterparties (although not within the investment division). This was noted and Councillor Collingwood remained in the meeting and participated in the debate.

## 39 ANNUAL REVIEW OF THE RISK MANAGEMENT POLICY

The Audit, Risk and Fraud Manager presented the 2014 Risk Management policy for the Committee's consideration and approval. It was noted that there were no significant changes from the 2013 policy: however, following comments from Members it was proposed to slightly amend the format to more clearly delineate accountabilities and responsibilities.

The Committee heard that the Corporate Director would also be asked to support and sign the final document, which would be provided to all staff via the review point system.

Following a question from a Member, the Audit, Risk and Fraud Manager undertook to clarify the link between responsibility and the score chart within the final document.

**RESOLVED:** That subject to the amendments noted above, the 2014 Risk Management policy (set out at Appendix A of the report) be approved.

#### **40 TREASURY MANAGEMENT STRATEGY 2014/15**

The Head of Finance and Commercial presented the Treasury Management Strategy for 2014/15. 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 of 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 2014/15, including the Treasury Management Indicators.

The Committee considered and noted the report. In relation to investment balances, the Committee noted that the performance of Investec seemed poor compared with the Council's own investments, and questioned whether the level of funds held with Investec was appropriate. In response the Head of Finance and Commercial reported that the treasury management strategy as presented did not preclude moving funds away from Investec. However, their current year performance had been badly affected by one particular gilt position; performance over the longer term was much better; and use of Investec allowed the Council to access more complex investments. Any decision to reduce the level of funds held would therefore need to be taken with this context.

**RESOLVED:** That subject to approval by Cabinet:

- (i) the Treasury Management Strategy for 2014/15 and the Treasury Management Indicators contained therein be approved; and
- (ii) the Treasury Management Policy Statement, attached at Appendix A of the report, be noted.

#### **41 ANNUAL GOVERNANCE ACTION PLAN PROGRESS REPORT 2013/14**

The Head of Finance and Commercial presented a report which updated the Committee on progress against the implementation of the Annual Governance Statement Action Plan for 2013/14.

In relation to Health and Safety, Members sought assurance that difficulties in recruiting a Health and Safety Adviser had not resulted in risk of a failure by the Council in any of its statutory health and safety duties. The Head of Finance and Commercial reported that responsibility for health and safety had reverted to Environmental Services whilst the post was vacant, where it had been covered by other appropriately qualified staff within the organisation. However, some forward planning and strategic work had had to be delayed.

In relation to Debt Management Processes and Information Management it was noted that there had been changes to proposed target dates. Members requested that original proposed target dates also be included within updates, in order to be able to determine the extent of the adjustment. It was also considered that more detail around the issue description 'Lack of maturity' (under Business Risk) would

be helpful. Members requested that a further update on progress against Information Management issues be provided in June.

It was noted that footnote 2 in relation to Corporate Governance was an erroneous reference as this work was ongoing.

**RESOLVED:** That the Annual Governance Action Plan progress report be noted.

## **42 AUDIT COMMITTEE WORK PROGRAMME**

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

In relation to the Certification of Grants and Claims 2012/13 Annual Report the Committee heard that this was expected to be available and circulated at the end of the month, with a full report to the next meeting in March.

In relation to Red Kite Performance the Committee heard that since the previous update in November there had been nothing significant to report. It was agreed that detailed monitoring of Red Kite's performance by the Audit Committee at each meeting was not required: however, it was considered that Members should have the opportunity to undertake a periodic review. The Chairman and Head of Finance and Commercial agreed to consider with the Housing Services Manager how this could best be achieved.

In relation to Health and Safety the Committee heard that an interim Health and Safety Adviser, on secondment from Buckinghamshire County Council, was due to start work shortly. The Health and Safety report to the March meeting would include a revised work programme for health and safety work, with a forward plan for 2014/15.

In relation to major projects the Committee discussed the possible role of the Audit Committee in scrutiny of contract management – particularly given the scale of forthcoming contracts such as those required to deliver the Handy Cross scheme. The Head of Finance and Commercial outlined the project and client management processes which are in place, and undertook to give consideration to the various roles of Internal Audit, the Audit Committee and the Improvement and Review Commission within the process.

As outlined in minute 41, it was agreed that an update on progress against the Annual Governance Action Plan recommendations relating to Information Management should be provided at the June meeting.

**RESOLVED:** That subject to the above, the Audit Committee work programme as set out in the agenda be approved.

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Chairman

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

- Mike Howard - Audit, Risk and Fraud Manager
- Emma Lund - Democratic Services
- Steve Richardson - Head of Finance and Commercial