

## **AUDIT COMMITTEE**

**TUESDAY, 21 APRIL 2015**

PRESENT:- Councillors Steve Weisinger (Chair), Steve Allsopp, Oliver Donachie, Mark Edwards and Des Moffatt.

Apologies for absence were received from Councillors Neil Heavens and Nick Martin.

### **41. Declarations of Interest**

The Chair reminded members of the need to declare known interests in any matters to be considered at the meeting. Councillor Oliver Donachie made a non-prejudicial declaration of interest with regard to references in several agenda items to "Public Power Solutions", in his capacity as a Council-appointed non-executive director of that body.

### **42. Public Question Time**

There were no public questions.

### **43. Minutes**

Resolved - That the minutes of the meeting held on 3<sup>rd</sup> March 2015 be confirmed and signed, subject to the inclusion of Councillor Swinyard in the list of attendees and an apology for absence received from Councillor Mark Edwards..

### **44. Treasury Strategy Statement 2015/16**

The Committee received a report on the Council's Treasury Management Strategy for 2015/16, including Prudential Indicators up to 2016/17, the Annual Investment Strategy, and the Minimum Revenue Provision Policy Statement. Paul Smith, the Council's Head of Finance, Housing, Treasury and Growth, presented the report, expanding on the following key elements of the strategy:

- the Council's current debt portfolio position.
- the prospects for interest rates and the economic outlook.
- the minimum revenue provision policy statement.
- the Council's borrowing strategy.
- the investment strategy, the creditworthiness policy, investment strategy and investment periods; and
- the Council's policy on use of external service providers.

Following his introduction of the strategy, Mr Smith and the Board Director, Resources, responded to members' questions and observations on the following issues:

- The Council's internal borrowing mechanism and associated tax implications.
- The borrowing strategy and the borrowing assumptions made.
- The net borrowing carried forward and the actual Housing Revenue Account debt.

- Private Finance Initiative liabilities.
- The changes to the credit rating methodology and “Credit Default Swaps”
- The portfolio position forecasts and the maturing debt position.
- The Council’s revised banking arrangements and implications for direct debit and standing order payments.

Resolved – (1) That the Treasury Management Strategy, Minimum Revenue Provision Policy and Prudential Indicators, as set out in Appendix 1 to the report, be endorsed.

(2) That the position with regard to the Council’s bankers, as detailed at paragraphs 3.11 and 3.12 of the report, be noted.

(3) That the position on investment returns, detailed in paragraphs 3.13 to 3.16 of the report, and the increase in investment periods to a maximum of 2 years, as detailed in the Treasury Management Strategy, be also noted.

#### **45. Internal Audit report - Treasury Management**

The Committee received a report of the Head of Internal Audit on the key findings of the Annual Internal Audit of the Council’s Treasury Management process.

Resolved – That the report be noted.

#### **46. Annual Statement of Accounts Update 2014/15**

The Committee received a report of the Board Director Resources, providing an update on the progress towards the completion of the 2014/15 Statement of Accounts. The report also summarised areas of the Code that had been reviewed for 2014/15, and local areas that were being reviewed in closing the 2014/15 accounts, and highlighted the more significant changes to the Code in 2016/17 to reflect requirements to report the valuation of transport infrastructure assets.

Resolved – (1) That the report be noted.

(2) That the accounting policies for 2014/15 be confirmed.

#### **47. Internal Audit Plan: 2015/16**

The Head of Internal Audit submitted a report setting out the draft Audit Annual Plan for 2015/16.

Resolved – That the draft Internal Audit Plan for 2015/16 be approved.

#### **48. External Audit Reports**

##### **(i) Audit Plan 2014-15**

Liz Cave (Grant Thornton) presented the Audit Plan for 2014/15, detailing the work to be undertaken in relation to the audit of the key challenges and opportunities the Council is facing, the impact on the Audit Plan of key developments in the public sector and national audit requirements, as set out in the Code of Audit Practice, and in support of the Value for Money conclusion. Ms Cave also guided the Committee through the summary of the findings of the External Auditors’ interim audit work, and the impact of the findings on the accounts audit approach, the key dates of the audit cycle and fees for the Council audit and other services agreed at the time of

the issue of the Audit Plan.

Resolved – That the External Auditors' Audit Plan 2014/15 be accepted.

(ii) Audit Committee Update

Chris Hackett (Grant Thornton) presented a report advising the Committee of the External Auditors' progress, as at 8 April 2015, in respect of the delivery of their audit responsibilities. The report also included a summary of key emerging national issues and developments that might be of interest to the Committee.

Resolved – That the report and supporting papers be noted.

**49. Letter to those charged with governance**

The Committee received a report of the Head of Internal Audit on the requirement for the External Auditor, as part of their audit of the Council's financial statements and in order to comply with the International Auditing Standards (UK and Ireland), to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. The Committee also noted that there was an obligation placed on auditors by International Auditing Standards to document Management's view on some key areas affecting the financial statements.

Resolved - That the responses submitted by the Chair on behalf of the Audit Committee and by management, appended to the report, be noted.

**50. Head of Internal Audit Update**

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee meeting in March 2015, progress made against the Annual Internal Audit Plan 2014/15 and Internal Audit staffing and resource issues.

Resolved – (1) That the report be noted.

(2) That the recently completed "Corporate Building Statutory Compliance" internal audit report be submitted for consideration at the meeting of the Committee to be held in June 2015.