

MINUTES OF AUDIT AND ETHICS COMMITTEE

28 JANUARY 2020

PRESENT:

Members of the Committee: John Eves (Vice Chairman in the Chair), Councillors McQueen, Mistry and Pacey-Day

Officers: Jon Illingworth (Financial Services Manager and Deputy Chief Financial Officer), Chris Green (Corporate Assurance and Improvement Manager), Matthew Deaves (Communication, Consultation and Information Manager) and Veronika Beckova (Democratic Services Officer)

In attendance: Grant Patterson (Director – Grant Thornton) and Jim McLarnon (Manager – Grant Thornton)

27. MINUTES

The minutes of the meeting held 22 October 2019 were approved and signed by the Chairman.

28. APOLOGIES

Apologies for absence from the meeting were received from Paul Dudfield (Chairman), Councillor Cranham and Mannie Ketley (Head of Corporate Resources and Chief Financial Officer).

29. TREASURY MANAGEMENT REPORT 2019/20 – PROGRESS REPORT

The Committee considered the report of the Financial Services Manager and Deputy Chief Financial Officer (Part 1 – Agenda Item 4) concerning the report considered by Cabinet on 2 December 2019. The report set out the Treasury Management activities for the first half of 2019/20.

RESOLVED THAT – the report be noted.

30. CAPITAL STRATEGY 2020/21 INCORPORATING INVESTMENT STRATEGY AND TREASURY MANAGEMENT STRATEGY

The Committee considered the report of the Financial Services Manager and Deputy Chief Financial Officer (Part 1 – Agenda Item 5) concerning the Council's Capital Strategy incorporating the Investment and Treasury Management Strategy. The report was a response to a revised set of codes and guidance introduced in 2019/20 that the Council must, by statute, have regards to.

The strategies were drafted, based on the advice received from the Council's Treasury Management advisers, to cover some of the potential issues that might arise for the organisation in the next 12 months. Any significant changes would result in revision. Any changes and related recommendations would be reported to Audit and Ethics Committee and Council.

RESOLVED THAT – IT BE RECOMMENDED TO COUNCIL THAT –

- (1) the Capital Strategy for 2020/21 as an overarching strategy for the Council be approved;
- (2) the Treasury Management Strategy including associated limits and specific indicators for 2020/21 – 2022/23 be approved;
- (3) the Investment Strategy for 2020/21 including associated limits and specific indicators be approved; and
- (4) the Minimum Revenue Provision policy be approved.

31. REQUIREMENTS OF THE CIPFA FINANCIAL MANAGEMENT CODE

The Committee considered the report of the Financial Services Manager and Deputy Chief Financial Officer (Part 1 – Agenda Item 6) concerning the new CIPFA guidance that the Authority will need to adopt from the 2020/21 financial year.

Detailed guidance notes for implementing the code were due to be published in April 2020 and would set out practices that Local Authorities could adopt to ensure compliance with the Financial Management Code. The Committee was informed that an internal review would be carried out to provide assurances regarding the implementation of the Code. This review would be undertaken prior to the review by the Council's appointed external auditor, Grant Thornton.

RESOLVED THAT –

- (1) the requirement of the CIPFA financial management code and the timescales for the Authority to become compliant be noted; and
- (2) the Committee to receive a further report outlining current compliance and proposed actions to become fully compliant.

32. AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Committee considered the report (Part 1 – Agenda Item 7) concerning the progress in the delivery of Grant Thornton's responsibilities as the Council's appointed external auditor. Representatives from Grant Thornton attended the meeting to present the report and answer questions.

Included in the report was a summary of emerging national issues and developments that may be relevant to the Council and an update on the Housing Benefit Grant Certification 2018/19.

The Committee was informed that the Community Advice and Support Team (CAST) Manager was invited to attend the meeting but was unable to attend on this occasion. If the Committee had any specific questions relating to Housing Benefit Certification for 2018/19, an invitation would be extended to the CAST Manager to attend the next meeting of the Committee.

RESOLVED THAT – the External Audit Progress Report and Sector Update be noted.

33. 2019/20 INTERNAL AUDIT PLAN – PROGRESS UPDATE

The Committee considered the report of the Corporate Assurance and Improvement Manager (Part 1 – Agenda Item 8) concerning the progress made to date against the Internal Audit Plan for 2019/20.

The Corporate Assurance and Improvement Manager provided an update on the delivery position of the Internal Audit Plan.

The Committee emphasised that Health and Safety was an important area and the number of outstanding recommendations to date was concerning.

RESOLVED THAT –

- (1) the report be noted;
- (2) the proposed amendments to the 2019/20 Internal Audit Plan be approved; and
- (3) an invitation be extended to the Health and Safety Manager to attend the next meeting of the Committee to provide an update on the implementation of agreed actions resulting from the follow up review of Health and Safety undertaken by internal audit in 2018/19.

34. DEVELOPMENT OF INTERNAL AUDIT PLAN FOR 2020/21

The Committee considered the report of the Corporate Assurance and Improvement Manager (Part 1 – Agenda Item 9) concerning the development of the internal audit plan for 2020/21.

RESOLVED THAT – the process for developing the Internal Audit Plan for 2020/21 be approved.

35. MOTION TO EXCLUDE THE PUBLIC UNDER SECTION 100(A)(4) OF THE LOCAL GOVERNMENT ACT 1972

RESOLVED THAT – under Section 100(A) (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involved the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.

36. LIMITED ASSURANCE INTERNAL AUDIT REPORTS

The Committee considered the private report of the Corporate Assurance and Improvement Manager (Part 2 – Agenda Item 1).

The Communication, Consultation and Information Manager attended the meeting to provide an update on action plans and answer questions.

RESOLVED THAT –

- (1) follow up audits be included in the Internal Audit Plan for 2020/21;
- (2) the Communication, Consultation and Information Manager be thanked for attending the meeting; and
- (3) the report be noted.

37. WHISTLE BLOWING INCIDENTS – STANDING ITEM – TO RECEIVE ANY UPDATES

There were no issues to report.

38. FRAUD AND CORRUPTION ISSUES – STANDING ITEM – TO RECEIVE ANY UPDATES

There were no issues to report.

CHAIRMAN