

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit & Accounts Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts, NG24 1BY on Wednesday, 7 February 2018 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor B Crowe, Councillor P Handley, Councillor D Payne and
Councillor B Wells

APOLOGIES FOR ABSENCE: Councillor Mrs M Dobson

25 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

That no Member or Officer declared any interest pursuant to any statutory requirement in any matter discussed or voted upon at the meeting.

26 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

27 MINUTES OF THE PREVIOUS MEETING

Minute 21- Counter Fraud Activity Report- A Member of the Committee requested further information on the identified cases of fraud from 2016/17, as to where these cases had occurred and whether prosecutions had been brought against the perpetrator.

AGREED That the Minutes of the meeting held on November 2017 be approved as a correct record and signed by the Chairman, subject to a minor typographical amendment.

28 DRAFT TREASURY MANAGEMENT STRATEGY 2018/19

The Assistant Business Manager- Financial Services presented the Treasury Management Strategy Statement, incorporating the Borrowing Strategy, Investment Strategy and Prudential Indicators. The Committee noted the economic background and external context, the Council's Borrowing portfolio and associated limits, the Investment Strategy and Counterparty list, and economic forecast from Arlingclose.

In discussion, the Committee considered the impact of an increase in interest rates. The Assistant Business Manager- Financial Services explained that the Council's borrowing was on fixed rates, and an increase in interest rate may benefit the Council by providing greater return on investments.

AGREED (unanimously) that the Committee approves each of the following key

elements and recommends these to Full Council on 8th March 2018:

1. The Treasury Management Strategy 2018/19, incorporating the Borrowing Strategy and the Annual Investment Strategy (Appendix A, Section 4 and Section 5);
2. The Treasury Prudential Indicators and Limits for 2017/18 to 2019/20, contained within Appendix A Section 4 and Section 5; and
3. The Authorised Limit Treasury Prudential Indicator contained within Appendix A Section 4.

29 DRAFT CAPITAL STRATEGY 2018/19

The Assistant Business Manager- Financial Services presented the Capital Strategy, which outlined the principles and framework that shaped the Council's capital decisions. The principal aim was to deliver a programme of capital investment that contributed to the achievement of the Council's priorities and objectives as set out in the Corporate Plan. The Strategy defined at the highest level how the capital programme was to be formulated, identified the issues and options that influence capital spending, and set out how the resources and capital programme would be managed within specific prudential indicators. Members' attention was also drawn to the Annual Minimum Revenue Provision Statement 2018/19.

Members considered the Strategy and agreed to an amendment to section eight, to remove the first sentence, and noted an amendment required to the Capital Expenditure and Financing table.

AGREED (unanimously) that the Committee approves each of the following key elements and recommends these to Full Council on 8th March 2018:

1. The Capital Strategy 2018/19 to 2020/21 Appendix A;
2. The Capital Prudential Indicators and Limits for 2018/19 to 2020/21, contained within Appendix A Section 5; and
3. The Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix A Section 6, which sets out the Council's policy on MRP.

30 INTERNAL AUDIT PROGRESS REPORT 2017/18

The Principal Auditor presented the Internal Audit progress report covering the period to 15 January 2018. Two audits reports had been issued - Insurance with high assurance, and Estates Management with limited assurance. There were a further seven audits in draft report stage. The Committee also noted that Strategic Asset Management had been removed from the plan as the service was currently under review and a new Business Manager was being appointed. Funding had also been removed as the client manager who requested it had since left and the Manager felt that the scope of the audit was similar to one carried out recently. The Committee

heard that the plan was 60-65% complete.

The Members considered the progress report noting that the draft reports were issued firstly to CMT, for their consideration. This occasionally resulted in a slight delay in the reports coming to the Committee due to the timings of meetings. The Committee also discussed the Estates Management Audit, which had been issued with Limited Assurance. With regard to the Newark BIC, the Committee noted the recommendations and acknowledged that these had been raised with CMT. The Business Manager - Financial Services confirmed that CMT considered the Council's Major Income Streams and the audit had recommended that this include the income from the BIC. The Head of Internal Audit confirmed that the implementation of recommendations would be monitored by Internal Audit, and progress reported to the Audit Committee as part of their regular updates.

Secondly, with regard to Asset Management, the Committee requested that a report be brought to their next meeting detailing the Council's Write-off Policy and the amount of write-offs.

AGREED (unanimously) that the report be noted.

31 ANNUAL INTERNAL AUDIT PLAN 2018/19

The Head of Internal Audit presented the draft Annual Internal Audit Plan for 2018/19. The Plan had been developed with reference to our draft combined assurance model as well as previous audit work, audit risk assessment, discussions with senior management, strategic and emerging risks.

The Committee noted the inclusion of eight audit days covering Brexit preparation and understanding the risks and opportunities and were in general agreement that these should remain in the plan. Members also discussed the audit process in relation to housing benefit and how the audit process provided overall assurance against benefit fraud. The Business Manager- Financial Services also briefly outlined the counter fraud work undertaken within the public sector and the workshop shortly to be held with Audit Lincolnshire to refresh the Fraud Risk Register and which would then be brought back to the Committee.

AGREED (unanimously) that Members note the content of the report.

32 EXTERNAL CERTIFICATION OF GRANT CLAIMS AND RETURNS 2016/17

Helen Brookes - KPMG was in attendance to present the Annual report on Grants and Returns 2016/17. She reported that there were no recommendations from the work, and the claim was unqualified and no adjustments had been required. The total fee for the work was £11,022. The Certificate was the final part of the Audit process for 2016/17.

AGREED (unanimously) that the Members consider and comment on the external auditors report on the certification of grant claims and returns for 2016/17.

33 RISK MANAGEMENT REPORT

The Safety and Risk Management Officer was in attendance to report to Members on the Council's Risk Management progress and the status of the Council's Strategic Risks. The Council's Risk Management Group met on a quarterly basis and the Risk Management Policy was due to be reviewed in April 2018. It was also noted that Internal Audit were undertaking a programmed audit of the Council's risk management systems.

The Committee also considered the Council's Strategic Risks and the Action Plans in place for each risk. The level of risks were determined by CMT and the Committee noted that the next Annual Strategic Risk Review was due to take place late spring/early summer 2018.

Members considered Strategic Risk 3 - Facilitating Growth. The Safety and Risk Management Officer agreed that this was a very wide ranging risk, however, he explained that each element was supported by a risk assessment with action attached to address the risk. Members heard details of regular meetings regarding the risk, crossing economic regeneration, planning and finance. Members were concerned that due to the wide ranging nature of the risk, it was difficult to reduce the risk target and the Safety and Risk Management Officer agreed to raise the issue with CMT.

AGREED (unanimously) that the report be noted.

34 REVIEW OF SIGNIFICANT INTERNAL CONTROL ISSUES HIGHLIGHTED IN THE ANNUAL GOVERNANCE STATEMENT

The Business Manager - Financial Services presented a report which updated the status of the significant governance issues identified in the Annual Governance Statement, which was approved on 26 July 2017 and formed part of the Council's Statement of Accounts. He reiterated the work undertaken with regard to Counter Fraud with Assurance Lincolnshire.

AGREED (unanimously) that the Committee notes the results of the review of the significant governance issues as identified in the Annual Governance Statement.

35 AUDIT COMMITTEE WORK PROGRAMME

The Committee considered the work programme detailing items to be considered during their meetings throughout the municipal year.

AGREED that the Work Programme be noted.

36 DATE OF NEXT MEETING

The Committee agreed a workshop to be held on Wednesday 6 June 2018 to consider the draft accounts.

The date of the next meeting was Wednesday, 25 April 2018, at 10am in Civic 1, Castle House.

Meeting closed at 11.20 am.

Chairman