

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, 6 February 2019 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor B Crowe, Councillor P Handley and Councillor D Payne

APOLOGIES FOR Councillor B Wells

ABSENCE:

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

Councillor D. Payne declared a personal interest in agenda item 9- Internal Audit Progress Report, as he was on the Board of the Trustees of the Gilstrap Charity, and also a member of the Mansfield Joint Crematorium Committee.

68 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

69 MINUTES OF THE PREVIOUS MEETING

AGREED that the Minutes of the meeting held on 28 November 2018 be approved as a correct record and signed by the Chairman.

70 DRAFT TREASURY STRATEGY 2019/20

The Committee considered the draft Treasury Strategy 2019/20, which incorporated the Borrowing Strategy, Investment Strategy, and Treasury Prudential Indicators, updated in accordance with latest guidance. The Committee considered the Treasury Strategy in detail, noting the requirement to borrow £25 million over the period, as the Council's usable reserves, which had previously provided borrowing capacity would be allocated to other projects. Borrowing would be required to ensure the Council maintained its reserves levels.

The Committee noted the Borrowing Strategy, the limits surrounding borrowing and investments, the Counterparties list and investment limits.

AGREED (unanimously) That the Committee supports each of the following key elements and recommends these to Full Council on 7th March 2019:

1. The Treasury Management Strategy 2019/20, incorporating the Borrowing Strategy and the Annual Investment Strategy (Appendix A to the report);
2. The Treasury Prudential Indicators and Limits, contained within Appendix A; and
3. The Authorised Limit Treasury Prudential Indicator contained within Appendix A.

71 CAPITAL STRATEGY 2019/20

The Assistant Business Manager- Financial Services presented the Capital Strategy 2019/20, incorporating the Minimum Revenue Provision Policy and Capital Prudential Indicators, updated in accordance with latest guidance. The Capital Strategy 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 Committee noted the prudential indicators and capital funding. The Assistant Business Manager explained that there may be some variations before the Strategy was considered by Full Council, as there were a couple of projects yet to include.

AGREED (unanimously) That the Committee supports each of the following key elements and recommends these to Council for the meeting on 7th March 2019:

1. The Capital Strategy 2019/20 Appendix A to the report;
2. The Capital Prudential Indicators and Limits for 2019/20, contained within Appendix A;
3. The Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix C to the report, which sets out the Council's policy on MRP; and
4. The Flexible Use of Capital Receipts Strategy, contained with Appendix D to the report.

72 INVESTMENT STRATEGY 2019/20

The Committee considered the Investment Strategy for 2019/20, meeting the requirements of statutory guidance issued by MHCLG Investment Guidance in January 2018. The Strategy covered the Council's investments and loans and had been created in line with the Councils Investment Plan 2017-2020 and the Treasury Management Strategy Statement.

The Committee considered the Councils Big Loan Fund, noting that the Council had now stopped making those loans although there were some outstanding loans. A number of the loans were at risk of being written off, and would be considered by the Economic Development Committee.

AGREED that the Committee supports each of the following key elements and recommends these to Full Council on 7th March 2019:

1. The Investment Strategy 2019/20, contained within Appendix A to the report; and
2. The Investment Prudential Indicators and Limits, contained within Appendix A.

73 CAPITAL PROGRAMME CARRY FORWARDS

The Business Manager- Financial Services presented a report detailing capital programme carry forwards, which had been requested by the Committee at their previous meeting. Members had queried whether it was appropriate to continue carrying forward such large amounts.

The Business Manager- Financial Services explained that officers held regular meetings to consider the carry forwards, but that ultimately the projects had been approved and therefore the funding had to be held for each project.

AGREED (unanimously) that the report be noted.

74 INTERNAL AUDIT PROGRESS REPORT 2018/19

The Committee considered the Internal Audit Progress report, noting that two audit reports had been issued with substantial assurance during the period, being Creditors and Assurance. The review of the Gilstrap Accounts, and the Newark Cattlemarket rent calculation had also been undertaken.

There were no high risk recommendations outstanding. Overall there were 36 recommendations remaining to be implemented of which 14 were overdue. 7 of those had not been progressed at all. The Committee also noted work in progress and that there would be a Combined Assurance Report submitted to the Committee in April.

AGREED (unanimously) that the Committee considered and noted that Internal Audit Progress report.

75 EXTERNAL CERTIFICATION OF GRANT CLAIMS AND RETURNS 2017/18

The Committee considered the External Auditors Certification of Claims and Returns made in 2017/18 by KPMG. Each year an audit of the Council's grant claims and returns was carried out by the Council's external auditors. The letter for 2017/18 covered one grant claim totalling £24.95m. An unqualified opinion had been given for the audit of the Housing Benefit Subsidy grant and no adjustments were required.

AGREED (unanimously) that the report be noted.

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

The Committee considered the review of the significant governance issues identified in the Annual Governance Statement, which had been approved by the Committee on 25 July 2018. Members considered the further work undertaken around the issues. Of particular note, the Committee heard that the percentage of purchase orders raised post receipt of income had increased. Officers had been reminded of protocols and financial regulations around the authorisation of goods, works and services. A further review would be undertaken later in the year.

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

77 ANNUAL INTERNAL AUDIT PLAN 2019/20

The Committee considered the Annual Internal Audit Plan for 2019/2020, which

included 285 proposed auditing days and indicative scopes. The proposed audits were based on the risks for the authority, taken from the assurance mapping, strategic risk register, corporate priorities and also any management requests.

AGREED (Unanimously) that the Internal Audit Plan be approved.

78 AUDIT COMMITTEE WORK PROGRAMME

The Committee noted the Work Programme.

79 DATE OF NEXT MEETING

The next meeting would be on Wednesday 24 April 2019, at 10am. There would be a briefing for Members of the Committee at 9:30am.

Meeting closed at 11.14 am.

Chairman