

**AUDIT COMMITTEE  
MINUTES**

**Date: Tuesday 29 November 2011**

**Time: 6.00 p.m.**

**Place: Shimkent Room, Daneshill House, Danestrete, Stevenage**

**Present:** Councillors: L Chester (Chair), P Bibby CC, D Cullen,  
and J Gardner.  
Independent: B Mitchell

**In Attendance:** Councillor Mrs J Lloyd, Resources Portfolio Holder,  
Nick Taylor (Grant Thornton), Gursh Bains and Helen  
Maneuf (Shared Internal Audit Services)

**Started:** 6.00 p.m.

**Ended:** 7.25 p.m.

**1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillors S Walker and M Yarnold-Forrester.

There were no declarations of interest.

**2. MINUTES – AUDIT COMMITTEE – 6 SEPTEMBER 2011 AND 19 SEPTEMBER 2011**

It was **RESOLVED** that the Minutes of the meetings of the Audit Committee held on 6 September and 19 September 2011 be approved as a correct record and signed by the Chair.

**3. ANNUAL AUDIT LETTER 2010/2011**

The Committee had before it the Annual Audit Letter, relating to the audit of the 2010/2011 accounts, as received from the Council's Auditors, Grant Thornton.

The Committee was advised that a full report on the audit of the Council's accounts would be presented at the next meeting.

As a point of clarification the Committee was advised that the Annual Governance Statement had been compiled by the Performance Improvement Manager in liaison with the Corporate Governance Group.

In reply to a question the Committee was advised that a 'True and Fair' assessment of the Council's accounts did not infer any underlying issues and that the accounts were robust.

It was **RESOLVED** that the Annual Audit Letter, relating to the audit of the 2010/2011 accounts, from the Council's Auditors, Grant Thornton, be noted.

#### **4. FINANCIAL RESILIENCE REPORT**

The Committee had before it the Financial Resilience report from the Council's Auditors, Grant Thornton.

The Committee was advised that an amber grading for the category of Key Indicators of Performance did not imply that action needed to be taken, rather that the Council should continue to monitor the category.

The Committee was further advised that zero based budgeting would not be adopted as a general principal except in those areas of high risk.

It was **RESOLVED** that the report be noted.

#### **5. CHANGES TO FINANCIAL REGULATIONS**

This item was withdrawn from the agenda.

#### **6. SHARED INTERNAL AUDIT SERVICE (SIAS) INTERNAL AUDIT MONITORING REPORT**

The Audit Manager (SIAS) presented a report to advise the Committee of progress against the 2011/12 Internal Audit Plan and to approve the amendments to the Audit Plan.

The Committee was advised that, as at 15 November, 40% of the 2011/2012 Audit Plan days had been delivered. It was estimated that at least 85% if the Audit Plan would be delivered by 31 March 2012.

A Member requested that for future meetings the Progress Report be amended to show current against planned progress together with the forecast position for the end of year. The Internal Audit Manager undertook to make this change.

The Committee was advised that a board meeting of Chief Financial Officers from the six partnership authorities would be meeting on 7 December to discuss the current state of the Audit Plan and the Committee was assured that it was the aim of SIAS to achieve 100% completion of the key areas by the end of 2011/2012. The Committee

was advised that feedback from the meeting of 7 December would be available for the Audit Committee meeting in March 2012.

In reply to a further question the Committee was advised that the Audit Plan was approved by SMB and that authority to approve variations to the plan had been delegated to the Head of Finance. A request was made that an audit trail for such variations be made available to the Audit Committee in future.

A Member requested that a numbered index be provided for future meetings.

It was **RESOLVED** that the report be noted and that the amendments to the Audit Plan be approved.

## **7. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT MID-YEAR REVIEW 2011/2012**

The Head of Finance presented a report to:

- review the operation of the 2011/12 Treasury Management and Investment strategy for the first six months of the year,
- revise the 2011/12 Treasury Management Strategy in relation to counter party limits and the requirement for the Council to prudently borrow to fund part of its capital programme, and
- update members on the changes to the Treasury Management Strategy taken under delegated authority.

The Committee was advised that the Council adopted the 'SLY' principal when investing. Security was the priority, followed by liquidity (the ability to withdraw the investment) and then yield. Consequently returns on investments were currently averaging 0.86%.

The Committee was further advised that the Treasury Management Strategy would be revised in February 2012 to take account of the need for the Housing Revenue Account to be self-funding.

It was **RESOLVED** that Council be recommended to approve:

1. the 2011/2012 Mid-Year Treasury Management Strategy and Annual Investment Strategy Review.
2. the amendments made to the Treasury Management Strategy under Urgent Decision outside of the Budget and Policy Framework
3. the updated treasury and Capital Prudential Indicators as shown in Section 8 and in Appendix A of the report. The changes are in respect of:

- fixed and variable limits for borrowing and investments presented and monitored separately, and
- operational limit for external debt reduced from £44.565m to £30.733m, and
- authorised limits for debt reduced from £49.565m to £36.855m. This reflects the resolution of risks associated with lease classification.

**8. URGENT PART 1 BUSINESS.**

None.

**9. EXCLUSION OF THE PRESS AND PUBLIC**

It was **RESOLVED**:

1. That under Section 100 (A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs 1-7 of Part I of Schedule 12A of the Act, as amended by SI 2006 No.88.

2. That having considered the reasons for the following report being in Part II it be determined that maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

**PART II**

**8. PART II MINUTES – 6 SEPTEMBER 2011**

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 6 September 2011 be approved as a correct record and signed by the Chair.

**9. STRATEGIC RISK REGISTER QUARTER 2 2011/12**

It was **RESOLVED** that the report be noted.

**10. URGENT PART II BUSINESS**

None.

**Chair**