

# STEVENAGE BOROUGH COUNCIL

## AUDIT COMMITTEE MINUTES

**Date: Tuesday, 10 September 2019**

**Time: 6.00pm**

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

**Present:** Councillors: Maureen McKay (Chair), John Gardner (Vice-Chair), Sandra Barr, Stephen Booth, Laurie Chester and Graham Lawrence.  
Independent Member: Mr Geoff Gibbs

**Also present:** Simon Martin (Shared Internal Audit Services)

**Start / End** Start Time: 6.00pm  
**Time:** End Time: 7.17pm

### 1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies for absence.

There were no declarations of interest.

### 2 MINUTES - 11 JUNE 2019

It was **RESOLVED** that the Minutes of the Audit Committee meeting held on 11 June 2019 be approved as a correct record and signed by the Chair.

In relation to Minute 5 – Accounts and Audit Timeline, the Assistant Director (Finance & Estates) stated that the audit of the Council's Statement of Accounts had been further delayed. The audit would now commence in early/Mid October 2019, with a view to the audited Statement of Accounts being approved in late November 2019. She added that the national position revealed that 205 Council audits were yet to be completed, 95 of which were due to be carried out by Ernst & Young.

As advised at the Member Statement of Accounts Training session held on 2 September 2019, the Assistant Director (Finance & Estates) had expressed her concerns to Ernst & Young over this further delay. She was still waiting to hear if the Housing Benefit certification would be similarly delayed, as this had a knock on effect on the Statement of Accounts which could result in the Department of Work & Pensions (DWP) deducting an element of Housing Benefit subsidy. She would be liaising with the DWP over this matter.

The Assistant Director (Finance & Estates) commented that the Leader of the Council had raised this matter at the Local Government Association Resources Panel, who would be taking it up with the Government.

The Committee was supportive of the concerns of the Assistant Director (Finance & Estates), especially the disruptive impact on SBC staff earmarked to assist in the audit process.

In reply to a Member's question regarding any action the Council could take against the external auditor for the delay, the Assistant Director (Finance & Estates) explained that costs could be recovered if financial penalties resulted, although this would be carried out through negotiation and, if necessary, through arbitration.

### **3 ANNUAL TREASURY MANAGEMENT REVIEW 2018/19 INCLUDING PRUDENTIAL CODE**

The Assistant Director (Finance & Estates) presented the Annual Treasury Management Review of 2018/19.

The Assistant Director (Finance & Estates) advised that the report summarised the fluctuating interest rate and inflation position over the year, partly due to the Brexit uncertainty. However, the interest on Public Works Loan Board borrowing rates had continued to fall, and so it would be an opportune time for borrowing.

The Assistant Director (Finance & Estates) referred to the projected investment balances set out in Paragraph 4.3 of the report, and the diminishing balance levels projected forward to 2022/23, as shown in Paragraph 5.8.5 of the report.

The Assistant Director (Finance & Estates) explained that a review of the Council's Commercial Strategy would be presented to the Executive in November 2019, which would include an opportunity to review the use of property fund investment options.

The Chair reminded Members that the regulatory environment placed the responsibility on the Committee for the review and scrutiny of the treasury management policy and activities.

In relation to a question regarding the Queensway Properties (Stevenage) LLP, the Assistant Director (Finance and Estates) confirmed that the construction monies held in a named SBC account were excluded from the Treasury Management Strategy. As the redevelopment of Queensway continued monies would be drawn down from this account until the project was completed. Should the construction contract not be completed by the existing contractor, it was intended that the monies remaining in the account would be used to fund the completion of works.

It was **RESOLVED:**

1. That the 2018/19 Annual Treasury Management Review be recommended to Council for approval.
2. That the updated Minimum Revenue Provision (MRP) Policy be recommended to Council for approval.

#### 4 INTERNAL AUDIT PLAN 2019/20 - PROGRESS REPORT

The Committee considered a progress report on the Shared Internal Audit Service (SIAS) Audit Plan 2019/20 for the period to 23 August 2019.

The SIAS Client Audit Manager advised that, since the preparation of the report, 30% of audit days had been completed, with 6 audits at reporting stage. 20 out of 36 audits were in progress or had been completed.

The SIAS Client Audit Manager drew attention to Appendix B to the report, which set out the implementation status of critical and high priority audit recommendations. Of the 9 recommendations relating to the CCTV partnership, he commented that 7 had been implemented, with the remaining 2 in progress. A follow up audit would be carried out later in 2019.

The following responses were made to queries raised by Members:

- The SIAS Client Audit Manager stated that it was intended that an electronic questionnaire would be developed, in an endeavour to improve the volume of customer satisfaction responses;
- The Interim Strategic Director confirmed that the High Priority Audit Recommendations with regard to cyber security would be addressed through the emerging ICT Strategy, scheduled for consideration by the Executive in October 2019. The implementation dates for these High Priority Recommendations would be embedded in the Strategy, and resources were in place to deliver the required investment requirements. The Committee requested the Interim Strategic Director to provide an update on the ICT Strategy to its next meeting;
- In respect of the two new High Priority Recommendations relating to the Museum Audit, it was agreed that should these not be implemented by the time of the next Committee meeting, the relevant Assistant Director should be asked to attend to explain the reasons why.

It was **RESOLVED**:

1. That the Shared Internal Audit Service (SIAS) Internal Audit Progress report be noted.
2. That the status of Critical and High Priority Recommendations be noted.

#### 5 SIAS ANNUAL REPORT 2018/19

The Committee considered the SIAS Annual Report for 2018/19.

The SIAS Client Audit Manager advised that the service had achieved its overall targets for 2018/19, including audit days delivered and shared learning across the partnership. Customer satisfaction feedback had been positive, and the service had operated within budget, with a 2018/19 surplus of £68,520 being transferred to the SIAS reserve.

The SIAS Client Audit Manager undertook to give consideration of the inclusion in future Annual Reports of an introductory paragraph explaining the role of SIAS.

The Committee noted that SIAS did not provide audit services for all 10 Hertfordshire Borough/District Councils. It was explained that it was often difficult to gain the commitment of all authorities to participate in shared working arrangements.

It was **RESOLVED** that the Shared Internal Audit Service (SIAS) Annual Report 2018/19 be noted.

## **6 URGENT PART 1 BUSINESS**

None.

## **7 EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED**:

1. 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 involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.
2. Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

## **8 HERTFORDSHIRE HOME IMPROVEMENT AGENCY AUDIT**

The Committee considered the Final 2018/19 Audit Report relating to the Hertfordshire Home Improvement Agency (HHIA).

It was **RESOLVED** that the Hertfordshire Home Improvement Agency Final Audit report 2018/19 be noted.

## **9 STRATEGIC RISK REGISTER**

The Committee received the Council's latest Strategic Risk Register, relating to Quarter 1 of 2019/20 (April – June 2019).

It was **RESOLVED**:

1. That the latest Strategic Risk Register (set out in Appendices A1 – A3 to the report) be noted.
2. That developments on risk management issues be noted.

**10 URGENT PART II BUSINESS**

None.

**CHAIR**