

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: 9 November 2016

Time: 6:00 pm

Place: Shimkent Room, Daneshill House, Danestrete, Stevenage

Present: Members: Councillors: M McKay (Chair), H Burrell, D Cullen, L Chester, J Gardner, J Hollywell and G Lawrence
In Attendance: C Wood (SIAS Audit Manager); K Storey Ernst & Young
Start/End Time: Start Time: 6:00 pm
End Time: 7:10 pm

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor A McGuinness and Independent Member B Mitchell.

There were no declarations of interest.

2. MINUTES – AUDIT COMMITTEE – 5 SEPTEMBER 2016

It was **RESOLVED** that the Minutes of the meeting of the Committee held on 5 September 2016 are approved as a correct record and signed by the Chair.

3. MINUTES – AUDIT COMMITTEE – 28 SEPTEMBER 2016

It was **RESOLVED** that the Minutes of the meeting of the Committee held on 28 September 2016 are approved as a correct record and signed by the Chair.

4. REVISION TO CONTRACT STANDING ORDERS 2016

The Committee received a report on proposed revisions to the Council's Contract Standing Orders (CSO's). The Assistant Director Finance detailed to the Committee the main changes relating to:

- CSO's now identify the Assisstant Director or Head of Service as ultimately responsible for compliance with the CSO's for the services they are responsible for;
- For quotations, CSO's now say that Members of SBC support the use of local suppliers and that staff may wish to consider inviting them to quote for opportunities;
- The electronic tendering system would now be the only option for procuring enabling a full audit trail of all communications and to make data transparency a simpler process;

- The EU Procurement Directive thresholds to be updated in line with the latest thresholds;
- The section on the engagement of consultants had been enhanced.

Members questioned the use of the word 'may' in relation to the use of local suppliers. The Assistant Director (Finance) advised that the legal advice received was that the Council could not direct staff to use local suppliers as the Council would be open to challenge in relation to the procurement process. However this legal view will be revisited.

The Committee were pleased to note that the option to use a hard copy tender had now been removed and that all tenders would now be issued through the Council's E-tendering System In-tend.

In relation to the EU Procurement Directive thresholds, the Council was following the current rules as the impact of Brexit was as yet unknown.

It was **RESOLVED** that revised Contract Standing Orders be recommended to Council for approval.

5. APPOINTMENT OF EXTERNAL AUDITOR (FOR AUDITS OF ACCOUNTS FROM 2018/19 ONWARDS)

The Assistant Director (Finance) submitted a report outlining the preferred mechanism for the appointment of the Council's external auditors for the Statement of Accounts 2018/19 onwards.

The Committee was advised of the benefits of opting in to the appointing person regime which was likely to result in better buying power than contracting as a single entity.

In response to a question, officers advised that although the Auditor would be appointed on the Council's behalf, the contract would be directly between the auditor and the Council so any dialogue would happen directly.

It was **RESOLVED** to recommend to the Executive and Council that the Council opts in to the appointing person arrangements provided by Public Sector Audit Appointments (PSAA) for the appointment of external auditors for a five year period commencing on the 1 April 2018.

6. INTERNAL AUDIT PROGRESS REPORT 2016/2017

Chris Wood, SIAS Audit Manager introduced the Shared Internal Audit Service Progress Report. He advised that since the last meeting of the Committee a number of reports and assignments had been issued or completed. He was also pleased to report that the 50% delivery threshold had now been achieved.

The Committee noted that the Cyber Risk Draft Audit Report remained with management for a formal response prior to issue as a final report. Officers

agreed that this would be submitted to the next meeting of the Committee in January 2017. However, officers were pleased to inform Members that there were very few risks and vulnerabilities within the service.

Members expressed concern regarding the storage and retention of paper documents containing personal data and requested that timescales be established for this to happen as soon as practicably possible. The Assistant Director (Finance) advised that this would be followed up and raised at the Corporate Governance group.

Officers reassured Members that in relation to the security of third party data, there were inherent protections in the systems used by the Council and all staff were fully trained in how to deal with the systems in place.

It was **RESOLVED** that Members are recommended to note the Internal Audit Progress Report for the period to 28 October 2016

7. 2016/17 MID YEAR TREASURY MANAGEMENT REVIEW

The Assistant Director (Finance) reported on updates to the 2016/17 Treasury Management and Investment Strategy. The Committee was advised that it was proposed to remove the requirement to maintain a minimum of £10million in instant access or overnight balances. Officers considered the prescribed amount to be unnecessary but would have due regard to the day to day cash flows required by the Council. The aim was not to undertake short term borrowing but should this be required it would be permitted within the authorised limit.

In response to a question regarding how this Committee would be able to monitor the situation, the Assistant Director (Finance) agreed to include within the Treasury Management reports to this Committee when any short term borrowing had been necessary.

Officers also reminded Members of the review of the Treasury Management Strategy which would include a presentation to Members in December/January for Members of the Audit Committee and the Executive.

It was **RESOLVED**

1. That the following be recommended to Council –
 - 1.1 That the 2016/17 Treasury Management Mid-Year Review and the prudential and treasury indicators in this report be approved.
 - 1.2 That the removal of the current treasury management limit to maintain £10Million in instant access or overnight balances limits (paragraph 4.7.9 and Appendix C) be approved;
 - 1.3 That the latest approved Countries for investments be agreed (paragraph 4.7.11 Appendix D).

8. ANNUAL AUDIT LETTER

Ernst and Young Auditors presented the Annual Audit letter for the year ended 31 March 2016. The Auditor advised the Committee that there had been no changes to the outcomes since she previous meeting.

It was **RESOLVED** that the Annual Audit Letter for the Year ended 31 March 2016 be received.

9. URGENT PART I BUSINESS

None.

10. EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED** that:

1. Under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it 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 report being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

PART II

11. PART II MINUTES AUDIT COMMITTEE – 5 SEPTEMBER 2016

It was **RESOLVED** that the Part II Minutes of the meeting of the Committee held on 5 September 2016 are approved as a correct record and signed by the Chair subject to T Barnett being replaced by N Jennings as being present at the meeting.

12. STRATEGIC RISK REGISTER

The Committee received the Strategic Risk Register report.

Members asked a number of detailed questions about the report which were answered by officers.

It was **RESOLVED**

1. That the latest Strategic Risk Register is noted.
2. That developments on risk management issues as outlined in Section 4.2 of the report is noted

13. URGENT PART II BUSINESS

None.

CHAIR