

STEVENAGE BOROUGH COUNCIL

SPECIAL AUDIT COMMITTEE MINUTES

Date: Monday 17 November 2008

Time: 6.00 p.m.

Place: SHIMKENT ROOM

Present: Councillors R. Raynor (Chair), J. Gardner
(Vice Chair), R.A. Clark and J. Hollywell.

Agenda Item:

12

Independent: Brian Mitchell

In Attendance: Councillor Mrs. J. Lloyd

Start/End Time: Start Time: 6.00 p.m.
End Time: 6.25 p.m.

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor M. Notley.

There were no declarations of interest.

2 MINUTES - 23 SEPTEMBER 2008

With reference to Minute 3 'External Audit and Inspection Plan 2008/09', the Chair informed the Committee that he and the Chief Internal Auditor would be attending an event hosted by the London Borough of Croydon concerning the Comprehensive Area Assessment and the role the Audit Committee will have in this process.

It was **RESOLVED** that the Minutes of the meeting of the Committee held on 23 September 2008 be approved as a correct record and signed by the Chair.

3 REVIEW OF THE COUNCILS TREASURY MANAGEMENT STRATEGY

The Chair explained that he had requested the Special Meeting of the Committee as, since the last meeting, there had been significant developments in the banking sector, particularly with the collapse of the Icelandic banks that held over £850 million of investments from British Councils. Fortunately SBC had no investments in these banks, but it was important that the Council's Treasury Management Strategy safeguarded the Council's funds as far as possible.

The Head of Finance introduced the report. She explained that the Council's investment portfolio had been subject to a complete review. The portfolio held only two term deposits with foreign institutions which were not guaranteed by their Government. One was fixed until this month and the £2.8 million with CIC group France was fixed until May 2009. Money invested with Irish banks was guaranteed by the Irish Government and the remaining portfolio was held in British banks and Building Societies.

The Strategic Director (Resources) had implemented urgent changes to the Strategy. A review meeting was taking place each week. The limit of investment placed with any one banking group had been lowered to £5 million and the length of future investment terms was to be no longer than 365 days. However, where investments had already been placed for a longer term they could not be altered. The longest term investment held was until 2011, but this was likely to be returned by the bank concerned at the first opportunity as the interest rate attached was high.

Members requested that future reports to the Executive and to Audit Committee include details of those investments committed for longer than 365 days.

The Head of Finance explained that the rating of each institution was updated daily and an account was being opened with the Debt Management Office (DMO) which was a Government account and therefore safe, however the interest rate was very low. She explained that investment interest was an important source of funding for the Council although it was important to balance risk and return and the External Auditors were happy with the measures the Council has put in place

Members were of the view that the action taken had been very prudent and that it was important to keep the Council's investments under continuous review. Furthermore, the team involved in putting these measures in place so quickly were to be congratulated.

It was **RESOLVED** :

1. That the amendments to the Treasury Management Procedures put into place to safeguard the Council's investments be noted.
2. That Council be recommended to adopt the revisions to the Treasury Management Strategy as outlined paragraph 4.3 of the report.
3. That the Audit Committee receive regular updates on the implementation and performance of the revised Strategy.

4 URGENT PART 1 BUSINESS

None

5 EXCLUSION OF PRESS AND PUBLIC

Not required

6 URGENT PART II BUSINESS

None