

**AUDIT COMMITTEE
MINUTES**

Date: Tuesday 4 December 2012

Time: 6.00 p.m.

Place: Shimkent Room, Daneshill House, Danestrete, Stevenage

Present: Councillors: C Latif (Chair), M McKay, R Parker CC and M Yarnold-Forrester.

Also Present: Phil Westerman (Grant Thornton)
Helen Maneuf and Sally-Anne Pearcey (Shared Internal Audit Services)

Started: 6.00 p.m.

Ended: 6.50 p.m.

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors D Cullen, J Gardner and Mrs J Lloyd (Resources Portfolio Holder).

There were no declarations of interest.

2. MINUTES – AUDIT COMMITTEE – 10 SEPTEMBER AND 24 SEPTEMBER 2012

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 10 September 2012 and of the meeting of the Audit Committee held jointly with the Statement of Accounts Committee on 24 September 2012 be approved as a correct record and signed by the Chair.

The Committee was advised that a number of places had been reserved for the Audit training event at Robertson House on 18 January 2013 and that full details would be sent to those Members that had expressed in interest in attending once those details had been received.

3. ANNUAL AUDIT LETTER

The Committee had before it the Annual Audit Letter, relating to the audit of the 2011/2012 accounts, as received from the Council's Auditors, Grant Thornton.

In reply to a question it was confirmed that the recommendations identified within the report were being actioned.

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

4. INDICATIVE FEE LETTER

The Committee had before it the Indicative Fee Letter, relating to the planned audit fee for 2012/13, as received from the Council's Auditors, Grant Thornton.

The Committee was advised that as a result of changes to the Scale Fee as determined by the Audit Commission, the Council could look forward to a reduction in its fees of approximately 40% for the year 2012/13 compared to that charged for the year 2011/12.

In reply to a question it was confirmed that any specific project work requested by the Council would incur an additional fee determined by negotiation. It was further confirmed that no additional work would be undertaken by the external auditors without prior agreement between the parties.

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

5. INTERNAL AUDIT PROGRESS REPORT

The Head of the Shared Internal Audit Service presented a report to advise the Committee of progress against the 2012/13 Internal Audit Plan.

The Committee was advised that there were no amendments to the Audit Plan to consider on this occasion and that a Control Risk Self Assessment Approach was being developed which, if successful, could be used to audit processes that had strong control environments. It was envisaged that, if deployed, this approach should lead to efficiencies in the Audit Service.

In reply to a question the Committee was advised that the recommendations arising from the audit entitled 'Follow up report ICT Disaster Recovery' should be fully implemented by the end of Quarter 3.

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

6. TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY – MID YEAR REVIEW REPORT 2012/13

The Assistant Director Finance presented a report for recommendation to Council on the Treasury Management Mid Year Review with specific recommendations to amend the Strategy:

The Committee was advised that the report had previously been reviewed by the Executive on 20 November and would be presented to Council on 5 December.

The Committee was further advised that, as a result of low interest rates, rather than re-invest monies from accounts that were due to mature, the Council might decide to allocate funding to support capital expenditure in meeting the decent homes standard.

A Member asked a number of detailed questions about the report which were answered by the Officer.

In reply to a specific question it was confirmed that the Council's priorities remained security, liquidity and then yield in respect of investments.

It was **RESOLVED**

1. That Council be recommended to approve the 2012/13 Mid-year Treasury Management Strategy and Annual Investment Strategy Review.
2. That the amendments made by Council on 10 October 2012 to the Treasury Management Strategy ahead of the implementation of the Local Authority Mortgage Scheme (para 6.11) be noted, together with the updated authorised investments (Appendix B, revised Appendix A, attachment 3).
3. That the amended strategy for Urgent Decisions on (i) the safe haven status of the Governments Debt Management Office, and that unlimited funds may be placed with them; and (ii) the use of Money Market Funds up to a limit of 25% of total investments and limited to a maximum of £5Million in any one Money Market Fund, be noted.
4. That Council be recommended to approve the updated Treasury and Capital Prudential Indicators as shown in Section 8 and in Appendix A of this report. The changes are in respect of:
 - Additional approvals to borrowing limits included in the September Capital Strategy; and
 - Amending the variable rate investment limit from £25Million to £35Million, reflecting a higher level of balances and the risk associated with fixing investments in the current market.

7. URGENT PART 1 BUSINESS.

None.

8. 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 it involved 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 outweighed the public interest in disclosure.

PART II

9. PART II MINUTES – AUDIT COMMITTEE – 10 SEPTEMBER 2012

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 10 September 2012 be approved as a correct record and signed by the Chair.

10. STRATEGIC RISK REGISTER QUARTER 2 2012 / 2013

The Performance and Improvement Manager presented the Quarter 2 Strategic Risk Register.

The Committee was advised of changes made to the register since the last meeting.

It was **RESOLVED**:

1. That the Strategic Risk Register Quarter 2 2012/2013 be noted.
2. That developments on risk management issues be noted.

11. URGENT PART II BUSINESS

None.

Chair