



AUDIT COMMITTEE

2 NOVEMBER 2021

SUPPLEMENTARY AGENDA

PART I

5. INDEPENDENT MEMBER OF AUDIT COMMITTEE

To consider a report in respect of the Independent Co-opted Non-voting Member of the Audit Committee.

Pages 3 - 8

7. MID YEAR REVIEW OF TREASURY MANAGEMENT STRATEGY 2021/22

Revised papers [replacement Paragraphs 4.3.1 to 4.3.4 (including amended charts) of the report] attached.

Pages 9 - 10

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Meeting: Audit Committee

Agenda Item:

Portfolio Area: Resources

Date: 10 November 2021



APPOINTMENT OF INDEPENDENT PERSON TO THE AUDIT COMMITTEE

NON-KEY DECISION

Author – Martin Hone 07860 389435
Finance team and budget managers
Lead Officer – Clare Fletcher Ext. 2933

1 PURPOSE

- 1.1 To consider the options for the appointment of an Independent Person on the Audit Committee in advance of the start of the municipal year.

2 RECOMMENDATIONS

- 2.1 Members are asked to agree to extend the tenure of the current Independent Member for a further year (from July 2022 to July 2023) on the same terms as previously agreed.

3 BACKGROUND

- 3.1 The Audit Committee's Terms of Reference are set out in Section 8.3 and Section 3 of the Constitution. It is an advisory Committee of Stevenage Borough Council and meets 5 times a year to consider audits that have taken place. (The Terms of Reference are included as Appendix A to this report.) The membership of this Committee includes 1 independent non-elected Member.
- 3.2 The Audit Committees is a key component of the Council's corporate governance. It is a key source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.
- 3.3 In 2018 CIPFA updated its Position Statement on Audit Committees and as a matter of good practice recommended that authorities consider the appointment of an Independent Member. The advantages of having an independent member on the Committee are:

- a) Greater levels of apolitical independence;
- b) Bridging certain skills gaps and expertise

- 3.4 In addition, an Independent Member with appropriate skills and experience supplements those of the elected Members and improve the effectiveness of the Audit Committee.
- 3.5 At present the role of Independent Person is filled by Mr. Geoff Gibbs, who was appointed for four-year tenure in July 2018. His period of appointment is due to end in July 2022.
- 3.6 The Committee therefore needs to decide what action to take to appoint an Independent Member from July 2022 onwards.
- 3.7 At its discretion, the Committee could agree to extend Mr. Gibbs appointment by one year. Mr Gibbs has indicated that he would be happy for his tenure to be extended.
- 3.8 Therefore, the options before the Committee are either that:
- (i) The Council could go out to advertise for a replacement for Mr Gibbs, in which case the advert, person specification, etc. would need to be completed in early December; or
 - (ii) The Council has the option of extending Mr Gibbs' role for a further year.
- 3.9.1 The Independent Member is non-elected and does not have voting capacity.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Option 1: Advertise for a replacement

- 4.1.1 The Committee has the option to appoint a new Independent Member at the end of Mr Gibbs tenure in July 2020. If Members choose this course, officers will prepare a Person Specification and Job Description for the role. The job will be advertised in late December 2021 or early January 2022. The recruitment process would involve the evaluation and short-listing of applicants by officers, and interviews in due course by Members of the Audit Committee. There is a cost in budget, time, and effort to pursue this course that can be avoided if better alternatives are available to the Committee. There may also be difficulties in recruiting a suitable replacement, with the risk of incurring abortive expenditure. The previous recruitment process only provided two applicants for the post.

4.2 Option 2: Extend Mr Gibb's tenure for an additional year

- 4.2.1 The Chair of the Committee has stated her satisfaction with Mr Gibbs performance on the Audit Committee over the past three years and has expressed her willingness for Mr Gibbs to continue on the Committee if he is so minded (subject to the Committee's agreement). Mr Gibbs has met with the Interim Assistant Director of Finance & Estates and he has confirmed that he

would like to continue in his role (again, subject to the Committee's agreement) for an additional year.

4.2.3 The extension of the appointment of the current Independent Member would provide continuity of knowledge, skill and experience to the Committee.

4.2.4 It is therefore recommended that the tenure of the current Independent Member be extended for a further year to contribute to that continuity.

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 Option 1 in the report would involve the costs of advertising, recruitment activities, etc. There is a budget for these costs. Option 2 would not involve any costs.

5.2 Legal Implications

5.2.1 None identified at this time.

5.3 Equality and Diversity Implications

5.3.1 The role of Independent Member can be offered to any resident over 18 years of age.

5.4 Risk Implications

5.4.1 The Independent Member of the Audit Committee provides added assurance to the governance of the Council

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5.5 Climate Change Implications

5.5.1 None,

BACKGROUND DOCUMENTS

None.

APPENDICES

APPENDIX A

Terms of Reference for the Audit Committee (as agreed by Council on 26 May 2021)

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APPENDIX A

Terms of Reference for the Audit Committee (as agreed by Council on 26 May 2021)

Membership: 10 (+ 1 Co-opted Independent non-elected member) to Include:

- Chair - A Member who is neither a Member of the Executive nor who serves as a Scrutiny Member;
- 1 Member of the Executive only.

Quorum: 3.

Terms of Reference

To advise or comment as appropriate on –

a) Internal Audit matters, including:-

- The Annual Internal Audit Plan;
- The adequacy of management responses to Internal Audit reports and recommendations;
- The Audit Partnership Manager's Annual Report and Opinion;
- To consider summaries of specific internal audit reports, as requested.

b) External Audit matters, including-

- External Auditors plans for auditing and inspecting the authority;
- The Annual Audit & Inspection Letter from the External Auditor;
- The report to those charged with governance;
- Proposals from the National Audit Office over the appointment of the external Auditor;
- The scope & depth of External Audit work.

c) Arrangements made for co-operation between Internal Audit, external audit and other bodies.

d) Anti-Fraud & Corruption issues including the Council's policies on Anti-Fraud and Corruption, "whistle-blowing".

e) The Council's Annual Governance Statement.

f) The Council's Constitution in respect of Contract Standing Orders and Financial Regulations.

- g) The Council's Risk Management arrangements.
- h) The Council's arrangements for delivering value for money.
- i) The Statement of Accounts and related Capital Determinations).
- j) The Council's Treasury Management Strategy.

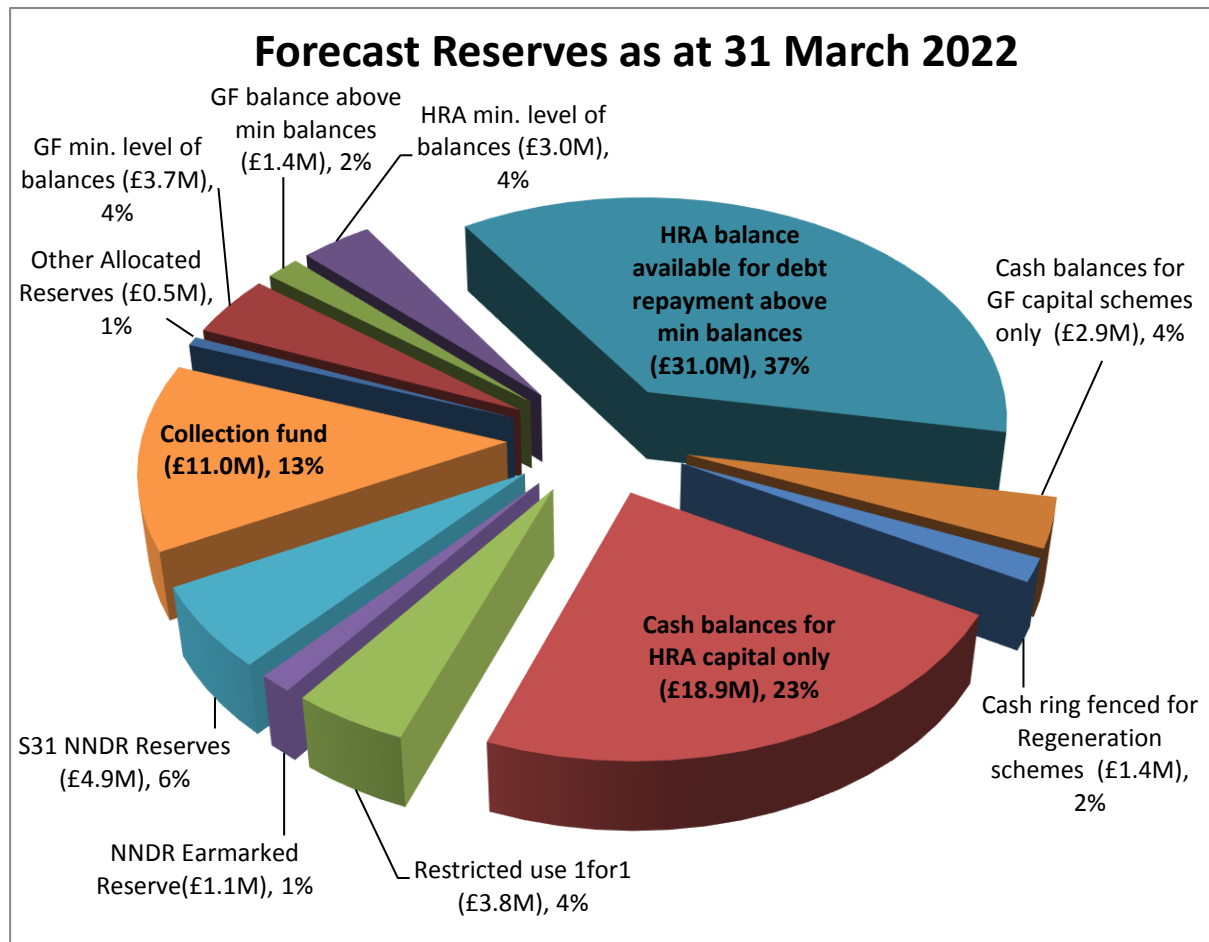
2021/22 MID YEAR TREASURY MANAGEMENT REVIEW

Revised charts for Audit Committee 10 November 2021

4.3 Cash balances and cash flow management

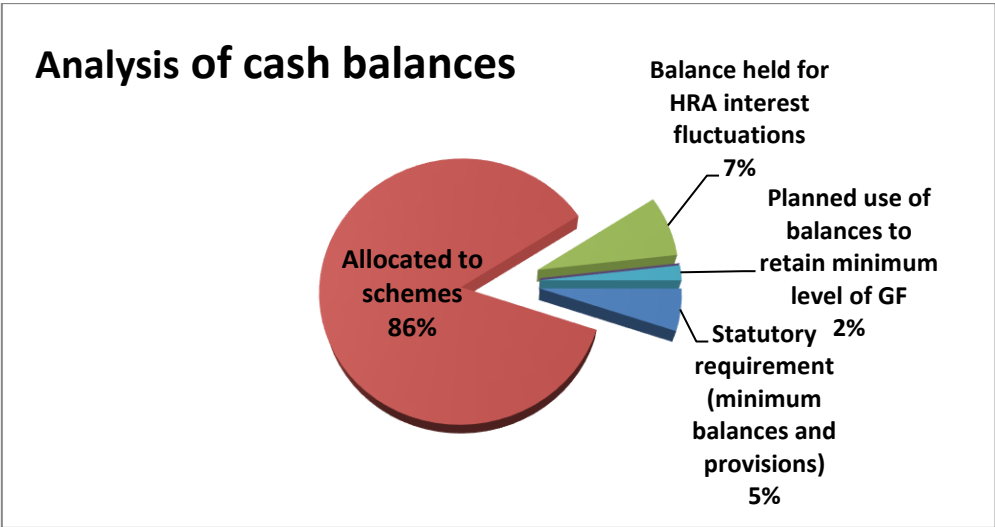
4.3.1 As at 1 April 2021 cash balances held by SBC totalled £73.15Million. The current revised cash balance expected to be held as at 31 March 2022 is **£72.4 Million**. The breakdown of these cash balances is shown in the following chart.

Chart One: Cash Balances expected as at 31 March 2022



4.3.2 These cash balances can be further analysed between allocated to schemes, held for statutory requirements and held for third parties. This identifies that all of the **£72.4 Million** of cash resources have been allocated. Unless allocated reserves are no longer needed in the future, there are **currently no cash resources available** for new projects.

Chart Two: Analysis of Cash Balances



- 4.3.3 Cash investment balances are expected to be **£72.4 Million** by 31 March 2022 (reserves and balances of **£83.8 Million** less actual internal borrowing of £11.2 Million), but this is dependent on current spending projections and approved borrowing included in the capital strategy and current HRA business plan (General Fund - £4.182Million and HRA - £29.547Million) for 2021/22. Decisions as to when to take this borrowing will be considered based on cash balances and anticipated interest rates.
- 4.3.4 The forecast investment balances to 2025/26 has been updated to reflect the latest General Fund MTFs and HRA MTFs projections and the revised capital programme. Note that, like the pie chart in paragraph 4.3.2, the balances in the chart below includes those being held on behalf of third parties.

Chart Three: Investment Balances forecast

