

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

AUDIT & ACCOUNTS COMMITTEE MEETING

Minutes

FRIDAY, 26 OCTOBER 2018

PRESENT: Councillor J Davies (Chair)

Councillors E Fallows, K Flunder, D Grocott, B Johnson and R Ward

IN ATTENDANCE:

APOLOGIES: Councillors T Hall, K J Jackson, C Pearce and Mr H Mawdsley

22 **DECLARATIONS OF INTEREST**

There were no declarations made.

23 **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the Minutes of the meeting of the Audit and Accounts Committee held on 27 July 2018 be **APPROVED** as a correct record and signed by the Chair.

24 **EXTERNAL AUDIT ANNUAL AUDIT LETTER**

Grant Patterson – Engagement Lead – introduced the letter, which summarised the Audit Findings Report which was presented to the July meeting.

1 low level recommendation was made in respect of putting in place a written policy for journal processing and authorisation which would be followed up in 2018/19. The 2016/17 Housing Subsidy Claim was certified without qualification, which reflected very well on the Housing Benefits team. Similarly, the Value For Money conclusion was also unqualified.

The letter also outlined the Planned Audit Fees for 2017/18, which totalled £52,282. In addition, fees for non-audit services totalled £11,250.

25 **EXTERNAL AUDIT SECTOR UPDATE**

Avtar Sohal – Senior Audit Manager – presented the update to members as an indicator of ‘where they were at’.

The only element of the 2017/18 audit not complete was the Housing Benefits Subsidy Claim, though there were no issues known relating to this matter.

There were no known new challenges expected at this relatively early stage for the 2018/19 audit.

Members queried the reference to ‘shortening of the medium-term financial planning horizons’. This was unclear as the Government’s 3 year plan was not yet completed.

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It was related to the phasing-out of the Revenue Support Grant and the resultant way in which local authorities were to be funded. Grant Patterson concluded that the External Audit position on this area was 'comfortable'.

26 INTERNAL AUDIT - PROGRESS REPORT

The report covering the 1st 6 months of audit activity in 2018/19 was presented by John Leak – Internal Audit Manager.

6 Audit Reports had been issued during the period 1 April to 30 September 2018, all with a 'satisfactory' assurance. All audit recommendations had been agreed and, where due, implemented. Where deficiencies in internal control had been identified and not corrected, Internal Audit were satisfied that they would be resolved in an appropriate manner and such cases would continue to be monitored. It remained the responsibility of relevant Managers to implement agreed recommendations.

8 audits were currently in progress and approximately 40% of the Audit Plan 2018/19 had been completed.

RESOLVED – That the report be **NOTED**.

27 TREASURY MANAGEMENT UPDATE

Under the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice, a mid-year report was introduced by Emily Bennetts – Finance Business Partner. The main headlines after quarter 2 included:-

- The Bank of England base rate increased to 0.75% on 2 August 2018;
- The investment income budget of £73,590 was expected to be on target based on current levels, following the base rate rise;
- The Ascent debenture and loan income budgets were on target pending the outcome of the Ascent Business Plan review;
- The borrowing costs budget to support the existing Ascent loan balance and a potential general fund borrowing requirement was currently forecast to be to budget with the savings on internal borrowing for part of the Ascent Loan offsetting the estimated future borrowing costs on the increased general fund borrowing requirement in the revised general fund capital programme;
- The average return on investments was 0.66% during the period 1st July to 30th September. This compares favourably to short-term industry benchmarks;
- The Council's investment portfolio totalled £7.6 million spread across five separate institutions as at 30 September 2018;
- The Council's current level of debt was £12 million at an average annual borrowing rate of 1.36%.

The report concluded that the Council had operated within the treasury management and prudential indicators set in its Treasury Management Strategy Statement 2018/19 and complied with the Council's treasury management practices.

RESOLVED – That the treasury management position as at 30 September 2018 be **NOTED**.

28 **RISK MANAGEMENT UPDATE**

The Council's Strategic, Operational and Project Risk Registers were shown in the half-yearly report as at 30 June 2018. Vanessa Higgins – Information Business Partner – introduced members to the report and its appendices (Strategic – Appendix A, Operational – B).

Of the 12 strategic risks identified and assessed, 42% (5) were rated as 'high' and were listed. Of the 32 operational risks, 13% (4) were rated as 'high' and listed. 2 new operational risks had been added, relating to the rollout of Universal Credit within Staffordshire Moorlands and the legislative changes under the new Homelessness Reduction Act.

The project risks now spanned 6 projects with the new addition of Alliance Environmental Services, with no 'critical' or 'high' risks, 13% (3) 'medium' and 87% (20) 'low'.

The Council's insurers – Zurich Municipal – had conducted a voluntary desktop review of our approach, which concluded that the Alliance was 'very mature in its risk management' but also made some helpful recommendations. Any necessary changes would be reported to a future meeting.

Responding to queries from members, officers confirmed that:-

- *The highest number of risks related to Operational Services due to their manual handling and traffic-based activities;*
- *Universal Credit was not being rolled out in Biddulph at the same time as Leek & Cheadle due to delays experienced nationally, which would inevitably lead to a 2-tier system until full implementation occurred. Only a handful of cases had so far transferred – those with changes in circumstances.*

RESOLVED – That the Council's current risk position be **NOTED**.

29 **WORK PROGRAMME**

The Committee considered the published Work Programme for the remainder of the 2018/19 Municipal Year.

RESOLVED – That the published Work Programme be **APPROVED**.

The meeting closed at 10.27 am