

**AUDIT COMMITTEE**  
Wednesday, 29 January 2020

**PRESENT** – Councillors Durham (Chair), Crudass, McEwan and Paley

**APOLOGIES** – Councillors Baldwin and Howell

**ALSO IN ATTENDANCE** – Vusi Maseko (Ernst and Young LLP)

**OFFICERS IN ATTENDANCE** – Peter Carrick (Finance Manager Central/Treasury Management), Lee Downey (Complaints and Information Governance Manager), Andrew Barber (Audit and Risk Manager, Stockton Borough Council) and Allison Hill (Democratic Officer)

**A33 DECLARATIONS OF INTEREST**

There were no declarations of interest reported at the meeting.

**A34 MINUTES**

Submitted – The Minutes of the meeting of this Audit Committee held on 20 November 2019.

**RESOLVED** – That the Minutes of the meeting of the Audit Committee held on 20 November 2019 be approved as a correct record

**A35 MID YEAR RISK MANAGEMENT UPDATE REPORT 2019/20**

The Managing Director submitted a report (previously circulated) updating Members on the approach to and outcomes from the Council's Risk Management processes.

It was reported that Risk Management was an essential part of effective and efficient management and planning and it strengthened the ability of the Council to achieve its objectives and enhance the value of the services provided.

It was also reported that positive progress continued to be made within the Authority regarding the management of key strategic risks and the submitted report outlined the work and processes undertaken by Officers to manage operational risks.

The submitted report outlined these risks which are plotted on to a standard likelihood and impact matrix with reference to the management controls in place and working; and detailed progress made on improvement actions for those risks that had been identified as above the appetite line.

Particular reference was made to the operational risk outcomes highlighted in the submitted report and in particular recent changes to the Council's new Tree and Woodland Strategy 2020-30 following a recent court case, to inspect highway trees bi-annually. Members requested further details on the cost implications of this change to policy.

**RESOLVED** – That the Risk Management report be noted.

**A36 PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY REPORT 2020/21**

The Managing Director submitted a report (previously circulated) for Members of this Audit Committee to review and scrutinise the Prudential Indicators and Limits for 2020/21 to 2022/23 relating to capital expenditure and Treasury Management activity; a policy statement relating to the Minimum Revenue Provision; and the Treasury Management Strategy 2020/21 to 2022/23, which includes the Annual Investment Strategy for 2020/21, prior to approval and adoption by Cabinet and Council.

The submitted report outlined the Council's Prudential Indicators for 2020/21-2022/23 and set out the expected treasury operations for this period and it was reported that the Council's expenditure plans, treasury management and prudential borrowing activities indicated that they were within the statutory framework and consistent with the relevant codes of practice, prudent, affordable and sustainable and were an integral part of the Council's Revenue and Capital Medium Term Financial Plans.

The Council's Minimum Revenue Provision Policy sets out how the Council will pay for capital assets through revenue each year and details of the policy statement for 2020/21 were included in the submitted report.

The submitted report also included a Treasury Management Strategy for 2020/21, which sets out how the Council's treasury service will support capital decisions taken, the day to day treasury management and the limitations on activity through treasury prudential indicators. The Strategy for 2020/21 will cover two main areas, Capital Issues and Treasury Management Issues and a summary of the key prudential indicators and limits were also contained within the submitted report.

It was reported that the CIPFA Prudential code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management and training is arranged as required.

Members discussed in particular the investment and borrowing rates and the increase of the PWLB borrowing rates and how this may impact the local authority with any future borrowing.

**RESOLVED** – That this Audit Committee is satisfied with the Prudential Indicators and Treasury Management Strategy for 2020/21 to 2022/23, the Minimum Revenue Position statement and the Annual Investment Strategy 2020/21, as presented in the submitted report, and that the report be forwarded to Cabinet for its onward referral to Council for consideration.

**A37 ACCOUNTING POLICIES TO BE APPLIED TO THE 2019/20 FINANCIAL STATEMENTS**

The Managing Director submitted a report (previously circulated) updating Members on the accounting policies to be applied in the preparation of the 2019/20 Statement of Accounts.

It was reported that the proposed accounting policies, defined within the Code of Practice, were in line with those used in the preparation of the 2018/19 accounts.

Reference was also made to the role of this Committee in specifically considering whether the accounting policies had been followed and whether there were any concerns arising from the financial statements or from the audit that needed to be brought to the attention of the Council.

The full list of accounting policies the Council proposed to disclose in its Statement of Accounts notes were detailed in the submitted report.

**RESOLVED** – That the accounting policies be noted and approved for use in the preparation of the 2019/20 financial statements.

### **A38 FINAL ACCOUNTS TIMETABLE FOR THE YEAR ENDED 31 MARCH 2020**

The Managing Director submitted a report (previously circulated) updating Members on the Final Accounts Closedown Timetable for 2019/20.

It was reported that the timetable detailed target dates for key actions in order to complete the Statement of Accounts in line with statutory deadlines and highlighted that the timetable served as a tool for monitoring progress against the target dates to ensure compliance with the statutory deadlines.

It was also reported that the Audit Committee were responsible for approving the audited set of accounts on or before 31 July 2020; and the Finance Manager closely monitors the achievement of the dates in the timetable throughout the final accounts period, following up delays and missed deadlines to ensure the overall timetable is achieved.

**RESOLVED** – That the key dates in the Final Accounts Timetable for 2019/20, as appended to the submitted report, be noted.

### **A39 AUDIT SERVICES ANNUAL AUDIT PLAN 2019/20 - PROGRESS REPORT**

The Audit and Risk Manager submitted a report (previously circulated) to provide Members with a progress report against the 2019/20 Annual Audit Plan in accordance with Audit Services' role and terms of reference.

The submitted report outlined the progress to date on audit assignment work, consultancy/contingency activity and performance indicators and it was reported that good progress was being made to date in relation to Audit Services' performance.

Members considered a graph to demonstrate the level of compliance across a number of themed which were all above the target level of 70 per cent; and questioned when School Transport would be programmed into the Audit Plan.

**RESOLVED** – That the progress report against the 2019/20 Annual Audit Plan be noted.

