

# MINUTES OF AUDIT AND ETHICS COMMITTEE

27 NOVEMBER 2017

## PRESENT:

**Members of the Committee:** Mr J Eves (Vice Chairman in the Chair), Councillors Miss Lawrence, Pacey-Day and Roodhouse

**Officers:** Mannie Ketley (Head of Corporate Resources and Chief Financial Officer), Rob Back (Head of Growth and Investment), Chris Green (Corporate Assurance and Improvement Manager), Chris Blundell (Financial Services Manager) and Veronika Beckova (Democratic Services Officer)

**In attendance:** Grant Patterson (Director – Grant Thornton)

## 19. MINUTES

The minutes of the meeting held 21 September 2017 were approved and signed by the Vice Chairman.

## 20. APOLOGIES

Apologies for absence from the meeting were received from Mr Paul Dudfield (Chairman) and Councillor Mistry.

## 21. DECLARATIONS OF INTEREST

*Part 2 – Agenda Item 2 – Play and On Track Internal Audit Report*

Councillor Roodhouse declared a non-pecuniary interest, as defined by the Council's Code of Conduct for Councillors, by virtue of being a member of Fareham Youth Trust.

## 22. ANNUAL AUDIT LETTER 2016/17

The committee considered the report presented by the Financial Services Manager (Part 1 – Agenda Item 4).

**RESOLVED THAT** – the Annual Audit Letter 2016/17 be noted.

## 23. TREASURY MANAGEMENT REPORT 2017/18

The committee considered the report presented by the Financial Services Manager (Part 1 – Agenda Item 5).

During consideration of the item, the committee was informed that:

- Following the at the 2017 Autumn Budget report, it was confirmed that the UK economic growth will perform at around 1.5% across the medium term representing a downgrade from previous 2.0% forecasts.

- All activity has been undertaken in accordance with the Council's Treasury Management Strategy and all risks managed effectively as demonstrated by the reported Treasury Management indicators.
- The average rate of return on the Council's investments was 0.93%, 0.69% above the local authority benchmark of 0.24%. This generated investment income of £312,610, exceeding the budgeted to date figure by approximately £138,930.
- The Department for Communities and Local Government is seeking views on proposals to update the guidance on Local Authorities Investments and on Minimum Revenue Provision. Over the past years, the regulatory and economic environment has changed significantly and led the sector to consider more innovative types of investment activity. The government has also monitored changes in the practices used for calculating Minimum Revenue Provision.

**RESOLVED THAT –**

- (1) the report be noted; and
- (2) the monitoring and the review of the Treasury Management indicators be agreed.

**24. INTERNAL AUDIT EXTERNAL QUALITY ASSESSMENT**

The committee considered the report presented by the Corporate Assurance and Improvement Manager (Part 1 – Agenda Item 6).

**RESOLVED THAT –**

- (1) the results of the external quality assessment be noted;
- (2) IT BE RECOMMENDED TO CABINET THAT the results of the external quality assessment be noted;
- (3) the progress towards implementing the agreed actions arising from the external quality assessment be noted;
- (4) the updated internal audit charter be approved; and
- (5) the internal audit quality assurance and improvement programme be approved.

**25. INTERIM REVIEW OF INTERNAL AUDIT PLAN**

The committee considered the report presented by the Corporate Assurance and Improvement Manager (Part 1 – Agenda Item 7).

**RESOLVED THAT –** the updated internal audit plan for 2017/18 be approved.

**26. 2017/18 INTERNAL AUDIT PLAN – PROGRESS UPDATE**

The committee considered the report presented by the Corporate Assurance and Improvement Manager (Part 1 – Agenda Item 8).

**RESOLVED THAT –** the report be noted.

**27. MOTION TO EXCLUDE THE PUBLIC UNDER SECTION 100(A)(4) OF THE LOCAL GOVERNMENT ACT 1972**

**RESOLVED THAT** – under Section 100(A) (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involved the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.

**28. CORPORATE CREDIT CARDS INTERNAL AUDIT REPORT**

The committee considered the private report presented by the Corporate Assurance and Improvement Manager (Part 2 – Agenda Item 1).

**RESOLVED THAT** –

- (1) the report be noted; and
- (2) the Head of Corporate Resources and Chief Financial Officer to present a progress update on the action plan at the next meeting of the committee.

**29. PLAY AND ON TRACK INTERNAL AUDIT REPORT**

The committee considered the private report presented by the Corporate Assurance and Improvement Manager (Part 2 – Agenda Item 2).

**RESOLVED THAT** –

- (1) the report be noted; and
- (2) the Corporate Assurance and Improvement Manager to provide the committee with an update if any actions are delayed.

**30. WHISTLE BLOWING INCIDENTS – STANDING ITEM – TO RECEIVE ANY UPDATES**

There were no issues to report.

**31. FRAUD AND CORRUPTION ISSUES – STANDING ITEM – TO RECEIVE ANY UPDATES**

There were no issues to report.

**CHAIRMAN**