

**CORPORATE AUDIT COMMITTEE**

**Minutes of the Meeting held**

Monday, 28th September, 2015, 5.30 pm

**Councillors:** Brian Simmons (Chair), Chris Dando, Barry Macrae and Christopher Pearce

**Independent Member:** John Barker

**Officers in attendance:** Tim Richens (Divisional Director- Business Support), Jeff Wring (Head of Audit West), Andy Cox (Audit Manager), Richard Howroyd (Head of Strategic Procurement & Commissioning) and Gary Adams (Finance and Resources Manager)

**Guests in attendance:** Barrie Morris (Grant Thornton) and Kevin Henderson (Grant Thornton)

**52 EMERGENCY EVACUATION PROCEDURE**

The Democratic Services Officer read out the procedure.

**53 ELECTION OF VICE-CHAIR**

**RESOLVED** that a Vice-Chair was not required on this occasion.

**54 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies were received from Councillor Andrew Furse

**55 DECLARATIONS OF INTEREST**

There were none.

**56 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There was none.

**57 ITEMS FROM THE PUBLIC - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS**

There were none.

**58 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS**

There were none.

**59 MINUTES: 26TH MARCH 2015**

These were approved as a correct record and signed by the Chair.

**60 GOVERNANCE REPORTS FOR COUNCIL AND AVON PENSION FUND, AND AUDITED STATEMENT OF ACCOUNTS 2014/15**

The Divisional Director – Business Support introduced the report.

Mr Morris commented on the Audit Findings Reports for Bath and North East Somerset Council. He said that there were no issues that impacted on the audit overall opinion. He thanked Council officers for working constructively with the auditors and responding willingly and ably to their enquiries.

Only one issue remained outstanding from those raised in the previous year: the introduction of a procedure to ensure that the IT department is informed of all leavers at the earliest opportunity (agenda page 39).

Mr Henderson commented on the Value for Money conclusion. He said that strategic financial planning was currently rated as amber, because the medium term financial plan (MFTP) did not extend beyond 2015/2016. The auditors were aware of the significant work that had been done to develop a MFTP for the next three years, and the rating would change to green after the new MFTP had been approved by Council in February 2016.

Mr Morris commented on the Avon Pension Fund Audit Findings Report, which had been presented to the Avon Pension Fund Committee the previous Friday. He drew attention to item 3 on page 69, the qualification of the accounts of the Gottex Value Added Fund in relation to a specific fund in which the Avon Pension Fund was not invested.

One issue relating to internal controls was indicated on agenda page 76, with a recommendation that the Council should consider separating the Avon Pension Fund within the Agresso ledger system to allow separate identification of Pension Fund transactions and balances. The Chair suggested that there would be a cost for this and that it would fall on the Pension Fund. Mr Morris confirmed that there would be a cost; from the auditors' perspective it was a matter of what workaround could be put in place.

The Committee thanked officers for their robust administration of the Council's finances.

**RESOLVED:**

1. To note the issues within the Audit Findings Report for Council and the Avon Pension Fund.
2. To approve the audited Statement of Accounts, including the letter of representation, for Bath and North East Somerset Council for 2014/2015.

**61 TREASURY MANAGEMENT OUTTURN 2014/15**

The Divisional Director – Business Support presented the report. He said that because the rates of investment return remained low, the investment programme had continued to be funded from cash flow, with the result that the Council's total borrowing as at 31 March 2015 was almost £70m below the Capital Financing Requirement of £177m. Borrowing had been undertaken to maintain cash flow.

A Member asked about the benefit to the Authority of the repayment of Public Works Loan Board debt. The Divisional Director – Business Support replied that the Council's PWLB debt portfolio had been reviewed. As interest rates were low, cash deposits were earning only a small return, so it had been decided to repay £50m of debt, which had saved the Council about £1m. It was likely that interest rates would remain at their current historically low level for the foreseeable future.

In response to a question from a Member, he explained that most of the funds, and all of the capital grants, of the Local Enterprise Partnership were administered by Bath and North East Somerset Council.

**RESOLVED:**

1. To note the Treasury Management Report to 31<sup>st</sup> March.
2. To note the 2014/15 Treasury Management Indicators.

**62 REVISIONS TO KEY FINANCIAL AND CORPORATE GOVERNANCE RULES AND REGULATIONS**

The Head of Audit West summarised the report.

The Head of Strategic Procurement and Commissioning commented on the revised Financial Rules and Regulations and Contract Standing Orders.

Responding to a question from a Member, the Divisional Director – Business Support said all the financial rules and regulations would be accessible on the Council's intranet so that officers would easily be able to refer to them.

The Corporate Finance Manager commented on the Budget Management Scheme.

**RESOLVED** to recommend the revised Contract Standing Orders and Budget Management Scheme to Council for approval.

**63 COMMITTEE WORK PLAN**

The Head of Audit West presented the report.

Members discussed the proposed workplan.

A Member suggested that an update on the Audit Partnership should be a regular item on agendas.

It was agreed to experiment with a start time for meetings of 2pm, with effect from the 8 December 2015 meeting.

**RESOLVED** to agree the proposed work plan.

The meeting ended at 6.40 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**