

CANTERBURY CITY COUNCIL

AUDIT COMMITTEE

**Minutes of a meeting held on Thursday, 31st January, 2019
at 7.00 pm in The Guildhall, St Peter's Place, Canterbury**

Present: Councillor Glover (Chairman)
Councillor Walker
Councillor S Cook
Councillor R Thomas
Councillor I Stockley

Officers: Lisa Fillery - Director of Finance and Procurement
Tricia Marshall - Deputy Chief Executive
Vanessa Montgomery - Democratic Services Officer
Christine Parker - Head of East Kent Audit Partnership
Christopher Parker - Deputy Head of Audit
Sue Wallis - Exchequer Manager

Councillors: Councillor Metcalf

(*present for part of the meeting)

624 **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Eden-Green and Warley.

625 **SUBSTITUTE MEMBERS**

There were no substitute members.

626 **DECLARATION OF ANY INTERESTS**

In relation to the strategic risk register item Councillor Glover declared that she was the council's representative on the Whitstable Castle Trust.

Councillor R Thomas made a voluntary announcement that he was a KCC Councillor.

Councillor R Thomas made a voluntary announcement that he was a trustee and Director of Active Life in relation to the strategic risk register.

Councillor I Stockley made a voluntary announcement that he was a member of the Herne Bay Museum Trust in relation to the Strategic Risk Register.

627 **PUBLIC PARTICIPATION**

There was one member of public registered to speak to Item 10 the Strategic Risk Register.

628 MINUTES OF MEETING THURSDAY, 11 OCTOBER 2018 OF AUDIT COMMITTEE

The minutes were agreed to be a true record.

629 HOUSING BENEFIT SUBSIDY AND CERTIFICATION REPORT

The Director of Finance and Procurement introduced the report that contained the findings of the external auditors in relation to the 2017-18 Housing benefit Subsidy claim for the council.

She invited the Councillors to ask questions and gave responses when required. A question was raised regarding the policy to retain documents for six years and if these records are held digitally. It was confirmed that they are scanned and digital copies held.

The Committee had no comments to pass onto Full Council and NOTED the report.

630 EXTERNAL AUDIT PROGRESS REPORT

The Director of Finance and Procurement introduced the report which outlined the external auditors' Grant Thorntons progress in delivering their responsibilities on audit issues. She advised there had been no changes to the report.

The Deputy Chief Executive explained that due to the severe weather warnings that were in place she has suggested to the external auditor that he need not attend the meeting.

The Director of Finance and Procurement gave details of the timetable for the current year regarding auditing and publication of accounts. Auditors were expected next week for the planning of the audit. The interim audit would then take place in January and February for testing work to be completed. Accounts would be closed on 31 March 2019, with draft accounts being published on 31 May 2019. Final accounts would be published in July.

The Committee NOTED the report.

631 TREASURY MANAGEMENT HALF YEARLY MONITORING REPORT

The Director of Finance and Procurement introduced the report that detailed the results of the council's treasury management activities in the first six months of the financial year ending 31 March 2019.

The Director took the Councillors through the issues set out in the report. She highlighted that all targets had been met in adhering to treasury measurement indicators.

A Councillor requested clarification on the amount of borrowing for the Whitefriars acquisition, and the amount repaid so far. The Director explained that a mixture of borrowing had been taken including annuity loans and short term borrowing. Further

details of repayment and borrowing would be reported back in time for the next meeting.

The committee NOTED the report.

632 **TREASURY MANAGEMENT AND CAPITAL AND INVESTMENT STRATEGY 2019/20**

The Director of Finance and Procurement introduced the report which advised the Council on the Strategy to be adopted for Treasury Management and Investments for 2019/20 as well as the Prudential Borrowing Limits for 2019/20 to 2021/22 and the policy on Minimum Revenue Provision.

The Director explained in previous years the information for treasury management and Capital Strategy had been combined but under new legislation from 2019/20 all local authorities are required to prepare an additional Capital Strategy report.

RECOMMENDED to Policy and Resources Committee:

- (a) That the Treasury Management Strategy including the Minimum Revenue Provision policy for 2019/20 be approved
- (b) That the Capital Strategy for 2019/20 be approved
- (c) That the Investment Strategy for 2019/20 be approved

Reasons for the decisions: The council should have treasury management, capital and investment agreed prior to the start of the financial year. Approving the strategies ensured compliance with best practice.

Record of the voting

For the proposal: Councillors Cook, Glover, I Stockley, R Thomas, and Walker (5)

Against the proposal: None

Abstaining from the proposal: None.

633 **REGULATION OF INVESTIGATORY POWERS ACT 2000**

There were no investigations to report this quarter.

634 **STRATEGIC RISK REGISTER**

(Councillor Glover declared that she was the council's representative on the Whitstable Castle Trust.)

(Councillor R Thomas made a voluntary announcement that he was a trustee and Director of Active Life.)

(Councillor I Stockley made a voluntary announcement that he was a member of the Herne Bay Museum Trust.)

(Jeremy Baker, a member of the public, spoke prior to the consideration of the item.)

The Exchequer Manager introduced the report which updated Councillors on the key risks facing the council and mitigations for those risks. The Committee members asked questions and made comments. The Exchequer Manager gave points of clarification where necessary. The following matters were raised during the discussions:

- 1) Concerns were raised regarding under which risk severe weather conditions should be included. It was agreed this would be reviewed.
- 2) The Marlowe Theatre risk had been amended since its transfer to Trust.
- 3) The Business Continuity (General) risk had been increased as a precaution due to the potential impact of Brexit on the services and staff during Brexit.
- 4) A concern was raised about Brexit planning for Parishes, the Deputy Chief Executive confirmed Brexit planning was being undertaken and this would be shared with Parish Councillors.
- 5) The Exchequer manager responded to a concern regarding parking in the city centre over the next 13 months, while the construction of the multi story station road west car park is underway. Especially during the Christmas period October – December. She agreed this item would be considered being placed on the Strategic Risk Register in time for the next Audit Committee meeting.
- 6) It was confirmed that the contractors meeting for the Beaney took place on 11 January 2019 and the outcome had been passed to the legal team to consider. The licences had not been issued but planning permission work was underway.

The Committee NOTED the report by general assent, save for those risks listed in the part of the meeting exempt from publication which were discussed under minute (639).

635 INTERNAL AUDITORS QUARTERLY REPORT

The Deputy Head of Audit, Finance of East Kent Partnership introduced the report, which informed the Committee of progress against the audit plan approved by the Committee.

He took the councillors through the issues set out in the report. There had been seven Internal Audit reports completed for the period. These had been allocated assurance levels ranging from substantial to reasonable. Those with an assurance level of N/A were special reviews.

With regard to a question about the policy for apprenticeships, the Director of Finance and Procurement confirmed that discussions were underway to improve the uptake of apprenticeships and meet the target of 2.3% set by the Government and a Strategy was being revisited.

The Committee had no comments to pass on to Full Council and NOTED the results of the internal audit work undertaken in the third quarter, save for those risks listed in the part of the meeting exempt from publication which were discussed under minute (640).

636 DATE OF NEXT MEETING

7pm, Thursday 4 April 2019 at the Guildhall, St Peter's Place, Canterbury.

637 ANY OTHER URGENT BUSINESS TO BE DEALT WITH IN PUBLIC

There was none raised

638 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business on the grounds that there would be disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act or the Freedom of Information Act or both.

639 STRATEGIC RISK REGISTER - ANNEX EXEMPT FROM PUBLICATION

(This item was exempt from publication as it contained information whose disclosure was likely to prejudice the commercial interest of both the Council and other bodies (s. 43 Freedom of Information Act 2000). The Council considered that at present the public interest in maintaining the exemption outweighs the public interest in disclosing it. Paragraph 3 of schedule 12A of the Local Government Act 1972 also applies).

There was further discussion on the confidential appendix of the Risk Register. The appendix was NOTED.

640 INTERNAL AUDITORS QUARTERLY REPORT - ANNEX EXEMPT FROM PUBLICATION

(This item was exempt from publication as it contained information whose disclosure was likely to prejudice the commercial interest of both the Council and other bodies (s. 43 Freedom of Information Act 2000). The Council considered that at present the public interest in maintaining the exemption outweighs the public interest in disclosing it. Paragraph 3 of schedule 12A of the Local Government Act 1972 also applies).

There was further discussion on the confidential appendix of the Internal Auditors Quarterly Report. The appendix was NOTED.

641 ANY OTHER URGENT BUSINESS WHICH FALLS UNDER THE EXEMPT PROVISIONS OF THE LOCAL GOVERNMENT ACT 1972 OR THE FREEDOM OF INFORMATION ACT 2000 OR BOTH

There were none raised.

There being no other business the meeting closed at 8.10 pm