



**Audit & Governance Committee
Wednesday, 7 March 2018**

ADDENDA

3. Minutes (Pages 1 - 6)

To approve the minutes of the meeting held on 10 January 2018 and to receive information arising from them.

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AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 10 January 2018 commencing at 2.00 pm and finishing at 4.40 pm

Present:

Voting Members:

Councillor Nick Carter – in the Chair

Councillor Tony Ilott (Deputy Chairman)

Councillor Paul Buckley

Councillor Helen Evans

Councillor Charles Mathew

Councillor D. McIlveen

Councillor Les Sibley

Councillor Roz Smith

Dr Geoff Jones

Councillor Liam Walker (In place of Councillor Ian Corkin)

Non-voting Members:

Geoff Jones

By Invitation:

Paul King and David Guest, Ernst & Young

Officers:

Whole of meeting

Nick Graham, Director for Law and Governance; Ian Dyson, Assistant Chief Finance Officer (Assurance); Sarah Cox, Chief Internal Auditor; Colm Ó Caomhánaigh, Committee Secretary.

Part of meeting

Agenda Item

Officer Attending

5

Tim Chapple, Financial Manager (Treasury); Katy Jurczynszyn, Strategic Finance Manager

8

Caroline Parker, ICT Information Services Manager

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with a schedule of addenda tabled at the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda, reports and schedule, copies of which are attached to the signed Minutes.

1/17 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were submitted by Councillor Ian Corkin (Councillor Liam Walker substituting).

2/17 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE
(Agenda No. 2)

There were no declarations of interest.

3/17 MINUTES
(Agenda No. 3)

The minutes for the meeting of 8 November 2017 were agreed and signed subject to the following corrections:

Item 62/17 append to the 9th bullet point:

Asked what proportion of these were in the City Council area Mr Jenkins said that he did not have that figure to hand but would provide it later.

Item 66/17

Insert after the third bullet point:

- It is not possible to insure against fines being imposed, however one can insure against the costs of incidentals and managing breaches.

Regarding item 67/17, training on risk management will be provided on the day of the next meeting of the Committee.

4/17 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2018/19
(Agenda No. 5)

Mr Chapple introduced the report. He stated that the Council now has the facility to deal in asset-backed securities. A new Code of Practice will be published in the middle of 2018 following this year's consultation.

Officers responded to issues raised by Members as follows:

- The risk associated with the loan to OxLEP is considered to be low because it is linked to expected income from business rates.
- Whether the Council borrows under the PWLB's new Certainty Rate depends on other rates and would be decided by the Treasury Management Strategy Team and reported to this Committee and Cabinet.
- The Council is legally obliged to have treasury advisors. Sometimes the Council's Strategy Team takes a different view, such as on base rates.
- Setting higher targets would have implications for the Council's budget if they are not reached.
- Using investment strategy to pursue socially beneficial outcomes would be a decision for the budget process and not for Treasury Management.

Members agreed to recommend to Cabinet that the Strategy be amended to include a commitment to investigate whether the Council should consider Environmental, Social and Governance (ESG) investments. It was also agreed that there should be a reference to reviewing the risks associated with Brexit and that the targets for return on investments should be higher to reflect a more ambitious approach.

RESOLVED to:

- a) endorse the Treasury Management Strategy for 2018/19 as outlined in the report, with two recommendations to Cabinet. The Committee considered that the strategy does not have ambitious targets for getting a higher return on investments that could be achieved through a less cautious approach; and, the Committee resolved to investigate whether the Council should consider Environmental, Social and Governance (ESG) investments in the future. In addition, the Committee asked for the Strategy to be amended to reflect that during 2018/19 a review of the risks to Treasury Management resulting from Brexit will be undertaken. The Committee recommends that
- i. the strategy be amended to clarify the intent to adopt a less cautious approach, with a more ambitious target stated for any return on investments.
 - ii. a paragraph be inserted to reflect the Committee will be investigating the impact of including Environmental, Social and Governance (ESG) investments in the future;
- b) note that due to the early timing of this report, Prudential Indicators i to vi have not been included in Appendix A as they are dependent on updates to the 2018 capital programme. Full indicators will be included when the report is considered by Council in February.

5/17 ERNST & YOUNG - AUDIT PLAN

(Agenda No. 6)

Mr Guest introduced the update. Initial planning for the 2017/18 Audit is largely complete and the Auditors are working with the Finance Team on the earlier closing date. With regard to IBC, Ernst & Young are also auditors for Hampshire County Council so savings can be made there by avoiding duplication.

Members welcomed the completed work on the Council's Teachers' Pension Fund and noted that very small errors were picked up.

RESOLVED: to note the report.

6/17 CONSTITUTION REVIEW

(Agenda No. 7)

Mr Graham introduced the report. There is one constitutional change for which Council approval is required – the re-election of a leader of the Council.

Mr Graham responded to Members' questions as follows:

- Asked if the report should reference the Governance Review in progress, Mr Graham responded that the report focuses on changes he is authorised to make and the one recommendation that requires Council approval. However, he can add a reference in the final report to Full Council.

- There is no requirement in law to use gender neutral terms for Council positions such as Chairman but Council itself could decide to change them.

RESOLVED: to

- a) **endorse the proposed change to the Part 2, Article 6 ('The Cabinet') set out in paragraph 5 of this report;**
- b) **recommend the adoption of the change in (1) to Full Council; and**
- c) **note the changes made to the Constitution by the Monitoring Officer under delegated powers since the last annual Constitution Review report to Council (as outlined in Annex 1).**

7/17 GENERAL DATA PROTECTION REGULATIONS

(Agenda No. 8)

Mr Graham introduced the report and expressed confidence that the team will meet the implementation deadline in May.

Officers responded to Members' questions as follows:

- We are confident that we have the resources to meet demand following the implementation deadline but nobody knows how many applications to be 'forgotten' are likely to be received.
- Officers are attending training and getting feedback from other Local Authorities on the implications of the regulations.
- There will be more than one date provided for training Members.
- Members are responsible for their own data when doing constituency business but have no personal liability if the Council was to be fined.
- Systems are in place to ensure that partner organisations and contractors are compliant where sensitive data is involved.
- The Monitoring Officer will be the Data Protection Officer initially.

RESOLVED: to

- a) **note the contents of the report; and**
- b) **advise of areas of concern.**

8/17 INTERNAL AUDIT PLAN - PROGRESS REPORT

(Agenda No. 9)

Ms Cox summarised the report. The team is in a better position regarding resources and the outcomes of the external assessment were very positive. The one red report related to S106s was discussed at the Audit Working Group and will be on their agenda again in February.

Members raised issues on the report and Officers responded as follows:

- A solicitor was fined £980 plus costs for misuse of a Blue Badge and 20 more badges were seized recently.

- The one Private Residential Care Home provider that is being closely monitored due to overpayment issues would be difficult to drop. There are no issues with the quality of care. The Council is working with them on checklists to resolve the problem.
- With regard to consideration of fraud risks, the correct processes are being followed - the problem is in documenting it to be able to demonstrate that.

Members expressed disappointment that the briefing note on fostering, where there is an amber report, was not prepared in time. The Chairman asked for it to be ready for the February AWG meeting.

RESOLVED: to note the progress with the 17/18 Internal Audit Plan and 17/18 Counter Fraud Plan and the outcome of the completed audits.

9/17 AUDIT WORKING GROUP REPORT

(Agenda No. 10)

Ms Cox introduced the report and Officers responded to questions as follows:

- The February AWG meeting will deal with S106, Mental Health, Risk Management and the partnership with the City fraud team.
- Data on diversity in the workforce is available by Directorate.
- The Director of HR would be able to provide data related to the gender pay gap issue.

RESOLVED: to note the report.

10/17 WORK PROGRAMME

(Agenda No. 11)

The Committee agreed the following additions:

7 March 2018: Transformation Update

25 July 2018: Risk Management Strategy

Issues associated with Brexit will be discussed at the April Audit Working Group meeting.

..... in the Chair

Date of signing

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