

BRECKLAND COUNCIL

At a Meeting of the

GOVERNANCE & AUDIT COMMITTEE

**Held on Friday, 1 December 2017 at 10.00 am in
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

PRESENT

Mr W.P. Borrett (Chairman)	Mrs L.H. Monument
Mr P. S. Wilkinson (Vice-Chairman)	Mr J. Newton
Mr P.J. Hewett	

Also Present

Mr J. Plaskett	Independent Member
----------------	--------------------

In Attendance

Christine Marshall	- Executive Director Commercialisation (S151 Officer)
Greg Pearson	- Corporate Improvement and Performance Manager
Emma Hodds	- Head of Internal Audit for Breckland Council
Julie Britton	- Democratic Services Officer

64/17 MINUTES (AGENDA ITEM 1)

The Minutes of the meeting held on 29 September 2017 were agreed as a correct record and signed by the Chairman subject to:

1. Councillors Linda Monument and Paul Hewett being added to the list of apologies; and
2. the word 'covelant' being amended to 'covalent' under Minute No. 58/17.

**65/17 ACTIONS ARISING FROM THE MINUTES (IF ANY) (STANDING ITEM)
(AGENDA ITEM 2)**

Quarter 1 2017-18 Risk Report (Minute No. 58/17)

The Corporate Improvement and Performance Manager had spoken to the Head of Internal Audit in relation to the ICT risk and had been informed that due to infrastructure changes the risk was at an acceptable level.

66/17 APOLOGIES (AGENDA ITEM 3)

An apology for absence had been received from Councillor Nairn.

67/17 URGENT BUSINESS (AGENDA ITEM 4)

None.

Action By

Action By

68/17 DECLARATION OF INTERESTS (AGENDA ITEM 5)

None.

69/17 NON-MEMBERS WISHING TO ADDRESS THE MEETING (AGENDA ITEM 6)

None.

70/17 TRAINING (STANDING ITEM) (AGENDA ITEM 7)

Members were reminded of the Treasury Management and self-assessment training session that had been arranged after the meeting.

71/17 RISK MANAGEMENT POLICY REVIEW (AGENDA ITEM 8)

The Corporate Improvement & Performance Manager presented the report and provided Members with a detailed overview of the first draft of the Council's risk management policy.

A number of changes had been made to the way the Council managed and monitored its risks. Appendix A of the report set out a draft risk management policy for Members to review and provide any feedback. It was noted that the policy did not make any change from how the Council was currently approaching risk management it was simply seeking to formally adopt the current working practices of the Council into the policy.

Mr Plaskett asked if the internal auditors had been consulted for best practice. Members were informed that the Team had worked with the Head of Internal Audit and best practice had been drawn in from the partner consortium.

Councillor Hewett questioned the style and the acronyms contained within the document and felt that it needed to be consistent. He also pointed out that everyone in Breckland Council had a function to play in addressing risk. Members were assured that the policy would be amended accordingly prior to approval.

The Chairman suggested adding this to the Work Programme for a review in 18 months.

RESOLVED that:

1. the proposed draft risk Management Policy be noted; and
2. the Risk Management Policy review be added to the Work Programme for the meeting on 16 February 2019.

72/17 QUARTER 2 2017-18 RISK REPORT (AGENDA ITEM 9)

The Corporate Improvement & Performance Manager presented the report which informed the Committee on the current status of the Council's strategic risks.

The key points were highlighted and the one risk, currently reported in the high category, relating to staff recruitment and retention, was explained.

Action By

It was noted that this risk was expected to be reduced to a medium risk in Quarter 3.

There were ten risks that fell into the medium category. This quarter had seen positive changes as the risk relating to the potential breach of the Council's ICT provision had been scored lower, moving from a high to a medium risk.

Councillor Monument noticed that some wording was missing from the bottom of page 38. Members were informed that the appendix would be re-issued accordingly.

The Chairman asked if Breckland Council was finding it more difficult to recruit than other authorities. The Executive Director for Commercialisation & S151 Officer explained that the staffing market was becoming much more difficult particularly in the areas of finance and planning both of which were in high demand.

As there was no press and public present, agenda item 17 was discussed.

RESOLVED that the strategic risk regarding business rates retention be removed.

73/17 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS (AGENDA ITEM 10)

The Head of Internal Audit provided Members with a brief summary of progress to date made by management in implementing agreed Internal Audit recommendations as at 31 October 2017.

All audit recommendations were now on Covalent which all Managers knew how to update and any concerns were now escalated through to the Performance, Risk and Audit Board and onto the Executive Management Team (as appropriate) where Officers could be called to account.

The current position as at 31 October 2017 was that 41 recommendations had now been closed and 20 remained outstanding.

Excellent progress had been made by Management between April and October in addressing audit recommendations, in particular for those recommendations made in recent audit reviews and those that had been raised in 2016/17.

Attention was drawn to the audit recommendations that had been outstanding for quite some time, in particular, the publication scheme, the affordable housing policy, local procedures for asset management and a number of IT issues.

Mr Plaskett thought that the document was in a simple format and easy to follow but asked for dates to be added to when these targets had been achieved.

RESOLVED that the content of the report be noted and a verbal update be provided on the above mentioned audit recommendations by the responsible officers and added to the Work Programme for the February

Action By

meeting.

74/17 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY (AGENDA ITEM 11)

The Head of Internal Audit provided Members with progress made between 1 April 2017 and 20 November 2017 in relation to the completion of the Annual Internal Audit Plan for 2017/18.

Some significant changes to the approved Internal Audit Plan were highlighted in the areas of Communications and Democratic Services.

Seven audits had been completed to date in the financial year and high level summaries of conclusions had been provided at Appendix 2 of the report.

It was noted that the total number of days of programmed work completed by TIAA Ltd was 126.5 days and 10 days completed on the ARP Service areas, totalling 136.5 days of the revised audit plan (61%).

Councillor Hewett asked why the recommendation in the Content Management audit which had scored a limited assurance in 2016/17 was disagreed. The Head of Internal Audit explained that this had previously been reported at the Committee in February 2017 and the report explained the reason why the IT Manager had accepted the risk of not implementing the recommendation.

RESOLVED that Members note the outcomes of the seven audits completed by TIAA, in the period covered by this report, and the amendments to the 2017/18 Internal Audit Plan.

75/17 TREASURY MANAGEMENT POLICY & STRATEGY 2018-19 (AGENDA ITEM 12)

The Executive Director for Commercialisation and S151 Officer presented the report.

The report outlined the Council's Prudential Indicators for 2018/19 – 2021/22 and set out the expected treasury operations for this period and requested approval for the Treasury Management Policy, Strategy and Prudential Indicators for 2018/19 -2021/22.

The Council was required to receive and approve, as a minimum, three main reports each year, which incorporated a variety of policies, estimates and actuals.

A summary of the main changes and key issues were highlighted which included the Mid-Year Treasury Management report (the next item on the agenda (agenda item 13)); the re-introduction of Money Market Funds and the change of name to Link Asset Services, the Council's Treasury Advisors.

All appendices attached to the report were explained in some detail.

Referring to Table 1 (Appendix A), Councillor Hewett asked about the Capital Loans. Members were informed that this was in relation to PFI

Action By

and Breckland Bridge.

Mr Plaskett felt that there was not enough information on Capital Expenditure in Table 3. The Executive Director for Commercialisation and S151 Officer advised that this table indicated that the Council had a borrowing need within this reporting period through over programming; however, as per the draft budget report to Cabinet on 28 November 2017, this would be re-visited in next year's budget setting process as the Capital Programme was reviewed.

Referring to Table 3, on page 98 of the agenda pack, Councillor Hewett asked if this was telling us that the Council's cash balances were receding due to spending more. He also asked if the CFR projection should appear in Table 2. In response to the first question, Members were informed that this did indeed highlight the fact that the Council was spending more from balances. In response to the latter question, Members were advised that Tables 1, 2 and 3 should be considered collectively.

Following further discussion, it was

RECOMMENDED to Council that the following be approved:

- a) the Treasury Management Strategy 2018-19 to 2021-22 at **Appendix A**;
- b) the Minimum Revenue Provision (MRP) statement contained within **Appendix A** which sets out the Council's policy on MRP;
- c) the Prudential Indicators and limits contained within **Appendix A** (Tables 1-10);
- c) the Investment Strategy 2018-19 (**Appendix B**) and the detailed criteria included in **Appendix B1**; and
- d) the Treasury Management Policy at **Appendix B2**.

76/17 TREASURY MANAGEMENT MID YEAR REPORT 2017-18 (AGENDA ITEM 13)

The Executive Director for Commercialisation & S151 Officer provided Members with an update on the Treasury Management Strategy, Policy and Prudential Indicators.

In response to a question in relation to the PFI scheme, Members were informed that this was considered as embedded debt.

In response to a further question about how much Breckland Council paid its investment advisors, the Executive Director for Commercialisation & S151 Officer said that she would check and report back.

The report was otherwise noted.

	<u>Action By</u>
<p>77/17 <u>WORK PROGRAMME (AGENDA ITEM 14)</u></p> <p>1. Verbal update to be provided on the following audit recommendations at the February 2018 meeting:</p> <ul style="list-style-type: none">• the publication scheme;• the affordable housing policy;• local procedures for asset management; and• IT issues <p>2. The Work Programme was otherwise noted.</p>	
<p>78/17 <u>NEXT MEETING (AGENDA ITEM 15)</u></p> <p>The arrangements for the next meeting on Friday, 16 February 2018 at 10.00am in the Norfolk Room were noted.</p>	
<p>79/17 <u>EXCLUSION OF PRESS AND PUBLIC (AGENDA ITEM 16)</u></p> <p>Not required as no press or public were present.</p>	
<p>80/17 <u>QUARTER 2 2017-18 RISK REPORT - APPENDIX (AGENDA ITEM 17)</u></p> <p>Discussed under Agenda item 9.</p>	

The meeting closed at 11.45 am

CHAIRMAN