

# AUDIT & GOVERNANCE COMMITTEE

## MINUTES

TUESDAY 11 DECEMBER 2018  
GIPPING ROOM, GRAFTON HOUSE  
6.00 PM

**Present:** Councillors J Cook, M Goonan, T Grant, A Leeder, I Fisher, E Phillips and B Knowles (Substitute)

**31. Apologies for Absence**

Apologies for absence were received from Councillor Maguire.

**32. Unconfirmed Minutes of Previous Meeting**

**Resolved:**

**that the Minutes of the Meeting held on 18 September 2018 be signed as a true record.**

**33. To Confirm or Vary the Order of Business**

**Resolved:**

**that the Order of Business be confirmed as printed on the agenda.**

**34. Declarations of Interest**

Councillor Leeder declared an interest under Item 7 AG/18/17 'External Audit Plan 2018/19' as he was a director of IPSERV.

Councillor Fisher declared an interest under item 11 AG/18/21 Internal Audit Reports Recently Issued as his wife was an employee within the Waste Management Team at Ipswich Borough Council.

**35. To Confirm the Dates of Future Meetings**

**Resolved:**

**that the dates of the meetings be confirmed as printed on the agenda, with meetings due to commence at 6.00pm.**

**36. Suffolk County Council Pensions Update**

- 36.1. Mr Paul Finbow, Pensions Specialist of Suffolk County Council provided a presentation on the Suffolk Pensions Fund performance and confirmed that the Suffolk Fund had increased in value by 46% over the last four years.
- 36.2. With regards to the trends in membership there had been more active members paying into the fund across all employers than had been in previous years. Deferred pensions had also increased by 42% over the four years and the total number of pensioners had rose. Within Ipswich there had been an increase of 18% in the number of people in receipt of pensions working within the Borough.
- 36.3. Mr Finbow advised that when employees transferred across public sector jobs their pensions rights would remain. For example, where some schools had changed to academies, existing and new staff would still have the opportunity to join the LGPS.
- 36.4. The Suffolk Fund remained in a positive position which was due to a combination of past investment returns and contribution rates from employers. The Pensions Committee had recently completed an asset allocation review and it was intended that alternatives to the more volatile investments (such as those linked to the equity markets) would be considered.
- 36.5. The Triennial Valuation would be undertaken on the 29 March 2019 and work for this had begun including the plan to deliver contribution rates to all employers by early October 2019.
- 36.6. Every quarter the Fund receives a navigator report which tracks what the funding level would be based on current market circumstances. This had fluctuated over the quarters however, overall this provided a positive picture and remained on an upward trend.
- 36.7. In relation to Pooling (the access collaboration) Link Financial Services had been appointed as the operator and following a passive procurement a saving of £600,000 a year to the SCC Pension Fund had been made. The first Sub Fund had been created of which three of the County's had put money into and 7 further investment Funds had been submitted and approved. It was expected that once it had been fully established there would be an approximate saving of £30m a year.
- 36.8. Mr Finbow confirmed that the benchmarks were set by considering each mandate and setting an expectation with the fund manager with regards to

what it was anticipated that the performance would be. Some benchmarks would also be driven by the markets.

36.9. The Chair thanked Mr Finbow for his attendance at the Audit & Governance Committee.

### **37. AG/18/17 External Audit Plan 2018/19**

37.1. Ms Debbie Hanson, External Auditor, provided an update on the Audit Plan 2018/19 and highlighted the risks which had been identified within the plan.

37.2. The 'Risk of Statement due to Error' would be included on all Audit Plans and the report set out the procedures which should be undertaken to address that risk. The second risk was with regards to incorrect revenue expenditure. This would always be identified as a risk area on any audit plan for full consideration.

37.3. A new risk had been identified due to the evaluation of property plants and equipment which would be undertaken in 2019/20 within Ipswich Borough Council. This had been included due to the significant amount of time since the previous evaluation and because a new Valuer had been employed. It was anticipated that as this area was in relation to more complex assets, there could be requirements for specialist officers to be involved, as well as the external audit team. It had been agreed with the Head of Finance that the valuations would be completed prior to the year end and before the accounts had been finalised so that external audit could consider them at this point.

37.4. Councillor Phillips asked who the new valuer would be and Mr Chance, Head of Finance, agreed to provide this information following the meeting.

**Action: Mr Chance to provide details of who the new valuer was and who the previous valuer had been.**

37.5. This year a significant risk had been identified with regards to value for money tasks and further consideration would be required before a safe value for money conclusion could be given. IBC had significant borrowing and investment in their own companies and following guidance issued within the CIPFA Code, an authority could not borrow more than a certain amount for their own company and if they had, they would need to document how any risk would be managed and mitigated. Consideration of the risk management arrangements in place would also be part of the audit undertaken.

**Resolved:**

**that the reported be noted.**

**38. AG/18/18 Financial Management & Control: Corporate Budget Monitoring 2018/19 Quarter 2**

- 38.1. John Chance, Head of Finance, confirmed that an underspend of £1.4m had been reported in the General Fund (Revenue) budget and both Housing Revenue and SRP had reported small surpluses against the budget set.
- 38.2. Councillor Fisher asked for further clarification with regards to the Commercial Property Income. Mr Chance explained that negotiations for a new tenant for the property in question were ongoing and it had been agreed to report the drop in income whilst the property was empty, but with the view that the position could improve in the future.
- 38.3. With regards to the Big Ticket Savings, Mr Chance advised that Procurement continued to be a priority and a regular procurement board had been set up as part of the Corporate Management Team to consider savings in this area and improvements to the Council's financial system. The Customer Access Strategy was ongoing and Property Investments & Rental Income continued to follow the trends of the current market.
- 38.4. Mr Chance agreed to follow up the action from the previous meeting with regards to the £10,000 Unison Secretary costs.

**Resolved:**

**that the report be noted.**

**39. AG/18/19 Treasury Management Performance 2018/19**

- 39.1. Mr Chance confirmed that there had been some movement with regards to the investment figures and advised that peaks and troughs had been experienced throughout the year. The large increase had been due to the sale of a unit within the Council's enterprise zone.

**Resolved:**

**that the Treasury Management Operations for the period 1 April 2018 to 30 September 2018 be noted.**

**40. AG/18/20 Standards Update**

- 40.1. Ms Shirley Jarlett, Head of People & Governance, confirmed that there had been one complaint made against a Councillor from a member of the public however, this had not met the criteria for breaching the Code of Conduct.
- 40.2. The recruitment of a pool of Independent Persons in conjunction with Suffolk County Council and Babergh and Mid Suffolk councils had been undertaken and the appointment of the four new Independent Persons had been confirmed by Council on 19 September 2018.

40.3. Ms Jarlett reported that it had been agreed to have a pool of independent persons to call upon if required as this provided more flexibility and there would be no impact on cost.

40.4. Councillor Fisher left the meeting at this point.

**Resolved:**

**that the report be noted.**

**41. AG/18/21 Internal Audit Reports Recently Issued**

41.1. Ms Siobhan Martin, Audit Partnership Manager, confirmed that an adequate opinion had been issued for Fleet Management as the small issues identified within the report had since been rectified by Officers.

41.2. Discussion took place around the scope of the audit which had covered the maintenance of vehicles, driving hours and licence checks. With regards to overspends/value for the money within the area, this could be incorporated as a future audit. It was suggested that the budget setting process could also be considered.

**Resolved:**

**that the Audit and Governance Committee note the following Audit Reports:**

- 1. Debt Recovery and Write Offs [CC010]**
- 2. Fleet Management [CCS022]**

**42. AG/18/22 Audit & Governance Committee Future Work Programme 2018/19**

**Resolved:**

**that the Audit & Governance Committee Future Work Programme 2018/19 be noted.**

**43. Exclusion of Public**

**Resolved:**

**that the public (including the Press) be excluded from the meeting during consideration of the following items under section 100 (A) of the Local Government Act 1972 as it was likely that if members of the public were present during that item there would be disclosure to them of exempt information as defined within paragraphs 3 and 4 of Part 1 of Schedule 12A of the Act.**

**NOT FOR PUBLICATION**

- 44. **Unconfirmed Exempt Minutes of Previous Meeting**
- 45. **AG/18/18 Financial Management & Control: Corporate Budget Monitoring 2018/19 Quarter 2 - Exempt Appendix**
- 46. **AG/18/23 Internal Audit - Status of Recommendations**
- 47. **AG/18/24 Internal Audit Reports Recently Issued**

The meeting closed at 7.44 pm

**Chair**