

AUDIT & GOVERNANCE COMMITTEE

MINUTES

TUESDAY 12 DECEMBER 2017
GIPPING ROOM, GRAFTON HOUSE
6.00 PM

Present: Councillors J Cook, I Fisher, A Leeder, D Maguire, E Phillips, S Connelly (Substitute), B Knowles (Substitute) and A Hanson

33. Apologies for Absence

Apologies were received from Councillors T Grant and J Powell.

34. Unconfirmed Minutes of the Meeting held on 29 August 2017

Resolved:

that the minutes of the meeting held on 29 August 2017, be signed as a true record.

35. Declarations of Interest

35.1 Councillor J Cook declared an interest as he was a Director of the East of England Co-Operative Society Ltd.

35.2 Councillor Maguire declared an interest as he was an employee of the East of England Co-Operative Society Ltd.

36. To Confirm or Vary the Order of Business

Resolved:

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

37. To Confirm the Dates of the Meetings:

Resolved:

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

38. Suffolk County Council Pensions Update

- 38.1 Mr Paul Finbow, Pensions Specialist of Suffolk County Council updated on the Suffolk Pensions Fund performance and a presentation was circulated. He confirmed that the Suffolk funding levels were valued at 91% in March 2016, which had increased from 79% the previous year. Ipswich Borough Council contributed to 10% of the fund, Suffolk County Council 50% and the other 40% contribution was split across 240 other employers.
- 38.2 He confirmed that the Suffolk Fund was the ninth best performing Pension Fund in the country and as of September 2017, the estimated level of the fund had been 95%. Councillor Leeder said that the assumption of 91%, made in March, had been a conservative assumption. The set rates of employer contribution levels had been approved for the next three years and the future contribution investment would be exceeded and fill the gap with no deficit. The reason why the performance of the fund had been above the 19% set last year had been due to the high investment returns, which was why the assumption had actually been 95%.
- 38.3 In response to a question by Councillor J Cook, Mr Finbow said that the five-year performance figures were set as at 31 March and every three years the contributions fund was assessed. Comparisons with 85 other funds were shown in relation to equities, bonds, cash alternatives and properties of which it was confirmed that 7-10% of the fund had been put into alternatives. Some of the equities, Government Bonds and property alternatives in Suffolk's Target Allocation were matched against the published indices.
- 38.4 The employee contributions were reviewed on an annual basis and the Suffolk Pension Fund Committee had set the target last week. The Committee had previously rebalanced the asset allocations in March 2017 and in December 2017, would reduce the equity target to 42%, increase Bonds to 26.5% and move half the 'parked money for the alternatives' from Equities to the protection of Bonds. This would lock in some of the benefits already achieved as the fund was only 18 months into the 20-year plan.
- 38.5 In relation to Pooling (the access collaboration) a Joint Committee for the Pooling Fund would be established with the first formal meeting being on 31 July 2018. A Chair and Vice-Chair had been appointed with sub funds being available for investment May/June 2018. The Chair thanked Mr Finbow for his attendance.

39. AG/17/17 Annual Audit Letter for the year ended 31 March 2017

- 39.1 Due to the External Auditor being unable to attend the meeting it was agreed that this item be deferred to the next meeting.

40. AG/17/18 Review of IBC Corporate Risk Register 2017/18

- 40.1 The Performance and Projects Manager presented this report and asked the Committee to review and agree the Corporate Risk Register, which was monitored on a monthly basis by the Corporate Management Team. The Corporate Risk Register led into the Service Operational Plans and the Service Plans. In respect of CRR-2 and CRR-11 Business Continuity Management, Councillor Knowles asked if a back-up arrangement with another authority would be of benefit? The Officer said that there could be in an emergency situation and that there was currently a recruitment drive for emergency planning and rest centre staff in order to build up resilience.
- 40.2 In relation to CRR-5 'Inability to recruit and retain suitably qualified and experienced people', Cllr Knowles asked why there was no mention of the Pay Policy as it was possible that staff could seek employment at other authorities in the local area and Ms Moseley offered to circulate the Pay Policy information. There was a shared arrangement for advertising vacancies across all authorities and this was viewed as a positive for staff.

Resolved:

that the updated Corporate Risk Register, as attached at Appendix 1 to report Ref No: AG/17/18, be agreed.

41. AG/17/19 Revised Risk Management Strategy & Action Plan

- 41.1 The Performance and Projects Manager presented this report which updated the Council's Risk Management Strategy in accordance with the revised Corporate Plan. This strategy was reviewed annually and both this and the action plan had recently been updated in line with the revised Council's Corporate Plan and clear guidance and future training programmes would be issued to Managers.

Resolved:

that the Risk Management Strategy and Action Plan, attached at Appendices 1 & 2 to report Ref No: AG/17/19, be agreed.

42. AG/17/20 Treasury Management Performance 2017/18

- 42.1 The Section 151 Officer presented this report and said that the Treasury Management Code of Practice required a mid-year report on Treasury Management to be considered. He reported that there was now more cash flow available due to underspends although Inter Group loans to arms-length companies had increased from £10,348.147 to £17,538.330.
- 42.2 Investment income of £94,080 had been budgeted for but it was now forecast that this actual income would be higher and Mr Hanson asked why loans with the highest interest rates were not paid off first? The Officer said that some

loans had early repayment penalties and this would determine the order should any be paid off.

- 42.3 An amendment was made to the Fixed Term Investments Outstanding as at 30/09/17 at Appendix B, that the 'date the investment matured' for Goldman Sachs should read '20/09/2018.'

Resolved:

that the Treasury Management Operations for the period 1 April 2017 to 30 September 2017, be noted.

43. AG/17/21 Financial Management & Control 2017/18 Corporate Budget Monitoring Second Quarter

- 43.1 The Section 151 Officer presented the second quarter budget report and circulated a document which explained how the quarterly monitoring had changed and what the benefits were. Documented were changes made to include more inclusive reporting, objective net/gross and subjective net/gross figures, trends and comparisons between years and better estimating of revenue savings. Debtors, creditors and VAT would be reviewed to ensure that there would be no risk of exposure and by looking across a 4 year period ensure that earmarked reserves and other funds were planned and should underspends occur, ensure that released funds were recycled.
- 43.2 Councillor J Cook requested that, at an appropriate time, training on IBC's accounts be offered to members of the Council.
- 43.3 Councillor Leeder asked what was being actioned to save money and what plans would be put in place? The Officer said that procurement activity would be a leading indicator, due to a forthcoming culture change in Agresso, it would flag up and prevent any purchasing outside the regime; but there was currently no mechanism in place to deliver a procurement savings plan.
- 43.4 Councillor Phillips asked that Corporate Management Team reports be made available to the Committee and the Head of Internal Audit said that an Internal Audit report detailing the internal control processes for Procurement would be made available for the Committee.
- 43.5 Councillor Fisher asked how salaries had been over budgeted by £½m and the Section 151 Officer said that this figure should be deflated by transitional vacancies, as these would be added as they occurred, rather than at the end of the year and staff turnover would be monitored monthly. Councillor Fisher asked if there were any other big ticket items that the Officer was aware of and the Section 151 Officer said that there could be some savings to be made in software costs.
- 43.6 Discussion took place about the write-offs that the Council were currently pursuing for non-payment and Councillor Fisher asked that as part of the payment performance reported at Appendix 9 of the report, that the % of

disputed invoices also be included and the Officer agreed that these could be reported in the future.

Resolved:

that the report be noted.

44. AG/17/22 Internal Audit Charter - Refresh

44.1 The Head of Internal Audit presented changes to the Internal Audit Charter to enable the Committee to promote the value of the audit process and ensure it remained compliant with the Public Sector Internal Auditor Standards (PSIAS) 2016.

44.2 The changes had been to insert a mission statement and definitions of the Board and Senior Management Team as required by the PSIAS 2016 and were emboldened in the document at Appendix 1 to the report.

Resolved:

that the refreshed Internal Audit Charter, attached at Appendix 1 to report Ref No: AG/17/22, be agreed.

45. AG/17/23 Internal Audit Reports - Recently Issued

45.1 Public Health Funerals (CCS011)
The Head of Internal Audit confirmed that an adequate assurance rating had been placed on the Public Health Funerals service, in line with the Public Health Act 1984.

Resolved:

that the contents of the Audit reports on the following, be noted and the recommendations within the reports be endorsed.

1. Public Health Funerals (CCS011)

46. AG/17/24 Audit & Governance Committee Future Work Programme 2017/18

Resolved:

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

47. 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 the item there would be disclosure to them of exempt information falling within paragraph 3 of Schedule 12A of the Act.

48. Unconfirmed Exempt Minutes of the meeting held on 29 August 2017

49. AG/17/25 Internal Audit - Status of Recommendations

50. AG/17/26 Internal Audit Exempt Reports - Recently Issued

The meeting closed at 7.56 pm

Chair