

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 28th September, 2020 at 7.00 pm via Microsoft Teams and streamed live.

Voting Members

Cllr S.J. Masterson (Chairman)
Cllr Mara Makunura (Vice-Chairman)

Cllr Sophia Choudhary
Cllr A.K. Chowdhury
Cllr A.H. Crawford
Cllr Veronica Graham-Green
Cllr Christine Guinness
Cllr A.J. Halstead
Cllr L. Jeffers
Cllr Prabesh KC
Cllr Jacqui Vosper

11. MINUTES

The Minutes of the meeting held on 28th July, 2020 were approved and would be signed by the Chairman at a later date.

12. STATEMENT OF ACCOUNTS AND AUDIT RESULTS 2018/19

The Committee welcomed Andrew Brittain and Justine Thorpe from Ernst & Young (EY). Mr Brittain presented the company's revised Audit Results Report, which summarised EY's audit conclusion in relation to the audit for 2018/19.

The Committee was reminded that most of the outstanding audit issues had been resolved previously with EY, with adjustments made to the accounts by Officers. However, the outbreak of the Coronavirus pandemic had given rise to a Post Balance Sheet Event (PBSE) as it posed an ongoing risk to the Council's financial standing. In order to complete the Accounts and Audit Opinion process, the Statement of Accounts needed to include a detailed Disclosure Note that addressed the impact on the Council's finances from Covid-19 and consideration of the Going Concern basis.

The Committee received the Executive Head of Finance's Report No. FIN2028 which provided Members with an update on audit progress for the Council's Statement of Accounts for 2018/19 and on the provision of audit opinion since the last meeting on 28th July, 2020.

It was noted that an updated Disclosure Note had been sent to EY on 25th September, 2020. Once this had been reviewed by EY, it was expected that a final

audit opinion and audit results report would be received in early October 2020. It was proposed that, in order to finalise the Statement of Accounts process and receive the external Auditor's Report, authority was delegated to the Chairman and to the Executive Head of Finance to approve formally and certify the audited Statement of Accounts and receive the External Auditor's Report from EY. Members would be provided with a copy of the final draft documents in advance to give them a limited opportunity to ask questions and seek clarification on matters identified in the report.

During discussion, the Executive Head of Finance responded to questions on the Corporate Risk Register and management of the Risk Management process.

RESOLVED: That, subject to Members of the Committee being provided with a copy of the audited Statement of Accounts and the Audit Results Report in advance, the Chairman of the Committee and the Executive Head of Finance be authorised to approve formally and certify the audited Statement of Accounts 2018/19 and to receive the External Auditor's Report.

13. **INTERNAL AUDIT - AUDIT UPDATE**

The Committee considered the Audit Manager's Report No. AUD20/08 which provided an update on work carried out by Internal Audit for quarter 2 2020/21, including the work slipped from quarter 1, and the expected deliverables for quarter 3.

During discussion, the Audit Manager and Executive Head of Finance responded to questions on S106 payments and the process for monitoring revenue and capital budgets.

RESOLVED: That the audit work carried out in quarter 2 2020/21, including work slipped from quarter 1, and the expected deliverables for quarter 3 2020/21, as set out in the Audit Manager's Report No. AUD20/08, be noted.

14. **TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2019/20**

The Committee received the Executive Head of Finance's Report No. FIN2027 which set out the main activities of the Treasury Management and non-Treasury Investment Operations during 2019/20, and noted that prudential indicators for the 2019/20 financial year had been updated for all treasury management and non-treasury activity during 2019/20.

The Committee was advised that the report was a statutory requirement under the CIPFA Code of Practice on Treasury Management. It was noted that, whilst the restructuring of the investment portfolio during 2018/19 had improved diversification of funds and increased the yield on all treasury management investments by £344,000 from 2018/19, this was less than anticipated due to the down-turn in pooled fund interest at the end of March 2020 caused by COVID-19. The impact of COVID-19 on the return on investments would be monitored closely in 2020/21.

Members were advised that the treasury team continually reviewed the borrowing strategy, weighing up interest rate levels and risk of refinancing. During the 2019/20 financial year, short-term interest rates had remained low and were forecast to remain low. However, borrowing levels had increased, raising refinancing risk. To mitigate, a proportion of borrowing had been moved to one- and two-year durations.

In respect of total borrowing, at 31st March, 2020 this was £90m, an increase of £28.8m from the 2018/19 year-end position. It was noted that the increased level of borrowing had resulted in interest costs increasing by £772,000.

The Committee noted that as at 31st March, 2020 the Council's non-treasury investments risk exposure was £113.6m of which £72.8m was funded via external loans, whilst the return of non-treasury investments was below the estimated return for 2019/20 due to the cost associated with commercial property being clarified during the financial year and the impact of COVID-19.

During discussion, the Executive Head of Finance responded to questions on investment activity, including investment in commercial property.

RESOLVED: That the Executive Head of Finance's Report No. FIN2027 be noted.

The meeting closed at 8.15 pm.

CLLR S.J. MASTERSON (CHAIRMAN)
