

# NORTHUMBERLAND

Northumberland County Council

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Our Ref: KN  
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Date: 16 January 2018

Dear Sir or Madam,

Your attendance is requested at a meeting of the **AUDIT COMMITTEE** to be held in **COMMITTEE ROOM 2** on **WEDNESDAY, 24 JANUARY 2018** at **10.00 am** for a **10.15 am start**.

Please note:

- The period between 10.00 am and 10.15 am is restricted to Members of the Audit Committee and Internal and External Audit to allow discussion without the presence of senior officers, in accordance with Minute No. 51(1)/2009-10 and CIPFA best practice.

Yours faithfully,



Daljit Lally  
Chief Executive

To members of the Audit Committee as follows:-

**Councillors G Hill (Chair), M Swinburn (Vice Chair), G Castle, A Hepple, M Purvis, L J Rickerby, E Simpson, D Towns**

## **AGENDA**

### **PART I**

It is expected that the matters included in this part of the agenda will be dealt with in public.

#### **1. APOLOGIES FOR ABSENCE**

#### **2. MINUTES**

Minutes of the following meetings of the Audit Committee, as circulated, to be confirmed as a true record and signed by the Chair:-

- (a) Wednesday 22 November 2017
- (b) Wednesday, 6 December 2017

#### **3. DISCLOSURE OF MEMBERS' INTERESTS**

Unless already entered in the Council's Register of Members' interests, members are required to disclose any personal interest (which includes any disclosable pecuniary interest) they may have in any of the items included on the agenda for the meeting in accordance with the Code of Conduct adopted by the Council on 4 July 2012, and are reminded that if they have any personal interests of a prejudicial nature (as defined under paragraph 17 of the Code Conduct) they must not participate in any discussion or vote on the matter and must leave the room.

NB Any member needing clarification must contact Liam Henry, Legal Services Manager, on 01670 623324. Please refer to the guidance on disclosures at the rear of this agenda letter.

#### **4. REPORTS OF THE EXTERNAL AUDITOR**

##### **(1) ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2017**

Report from Ernst Young (**Appendix A**)

##### **(2) AUDIT PLANNING REPORT FOR YEAR ENDED 31 MARCH 2018**

Report from Ernst Young (**Appendix B**)

## **5. REPORTS OF THE DIRECTOR OF FINANCE**

### **(1) STATEMENT OF ACCOUNTS 2017-18**

The purpose of this report is to provide the Audit Committee with:

- an overview of the changes to the timetable for publishing the 2017-18 Statement of Accounts and reporting to Audit Committee;
- the Accounting Policies to be adopted; and,
- an update regarding the anticipated outturn position for the Council (**Appendix C**).

### **(2) TREASURY MANAGEMENT STRATEGY STATEMENT FOR THE 2018-19 FINANCIAL YEAR**

The Local Government Act 2003 requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the policies for managing investments and for giving priority to the security and liquidity of those investments. The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policy.

This report sets out the Treasury Management Strategy, Treasury Management Policy Statement, the Annual Investment Strategy for the Financial Year 2018-19, Prudential Indicators 2018-19 – 2020-21 and the Minimum Revenue Provision Policy 2018-19 (**Appendix D**).

### **(3) CORPORATE FRAUD TEAM - INTERIM FRAUD REPORT**

The purpose of this report is to update the Audit Committee on work undertaken by the Corporate Fraud Team within the Council (**Appendix E**).

### **(4) ARCH BORROWING**

Following a request for information from the Audit Committee at the December 2017 meeting, this report summarises the current annual financial impact for the Council of the cumulative value of the loan advances to Arch to the end of December 2017 (**Appendix F**).

## **6. REPORT OF THE CHIEF INTERNAL AUDITOR**

### **Preparation of the Strategic Audit Plan 2018-19**

The purpose of this report is to outline the approach to preparing the 2018/19 Strategic Audit Plan, for consideration and endorsement by the Audit Committee.

The report also ensures the Audit Committee, as a key stakeholder of Internal Audit's work, is engaged at an early stage in the planning process (**Appendix G**).

## 7. URGENT BUSINESS (IF ANY)

To consider such other business as, in the opinion of the Chair, should, by reason of special circumstances, be considered as a matter of urgency.

## PART II

**It is expected that matters included in this part of the Agenda will be dealt with in private. Reports referred to are enclosed for members and officers only, coloured pink and marked "Not for Publication".**

## 8. EXCLUSION OF PRESS AND PUBLIC

The Audit Committee are invited to consider passing the following resolution:

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item on the Agenda as it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Items	Paragraph of Part I of Schedule 12A
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- |   |  |
|---|--|
| 9 | Information of the description in paragraphs 3, 5 and 7 of Part 1 of Schedule 12A to the Local Government Act 1972 in that they contain Information relating to the financial or business affairs of any particular person (other than the authority holding that information); Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings; Information relating to any action taken or to be taken in connection with the prevention or investigation or prosecution of a crime. The public interest in seeking this exemption outweighs the public interest in disclosure because disclosure could adversely affect the business reputation or confidence in the person/organisation, and could adversely affect commercial revenue. |
|---|--|

10-11 Information of the description in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding the information). The public interest in maintaining this exemption outweighs the public interest in disclosure because disclosure could adversely affect the business reputation or confidence in the person/organisation, and could adversely affect commercial revenue.

## **9. MINUTES**

Confidential minutes of the meeting of the Audit Committee held on Wednesday 6 December 2017, as circulated, to be confirmed as a true record and signed by the Chair.

## **10. REPORT OF THE CHIEF INTERNAL AUDITOR**

### **Risk Management Update**

The purpose of the report is to provide Audit Committee with an update on progress with the development, implementation and embedding of risk management within the County Council, since the last report that was presented on 25th January 2017 (**Appendix H**).

## **11. REPORT OF THE CHIEF EXECUTIVE**

### **Strategic Review of Active Northumberland: Outcomes**

**Report will be circulated at the meeting.**



**IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:**

- Declare it and give details of its nature before the matter is discussed or as soon as it becomes apparent to you.
- Complete this sheet and pass it to the Democratic Services Officer.

<b>Name (please print):</b>
<b>Meeting:</b>
<b>Date:</b>
<b>Item to which your interest relates:</b>
<b>Nature of Registerable Personal Interest i.e. either disclosable pecuniary interest (as defined by Annex 2 to Code of Conduct or other interest (as defined by Annex 3 to Code of Conduct) (please give details):</b>
<b>Nature of Non-registerable Personal Interest (please give details):</b>
<b>Are you intending to withdraw from the meeting?</b>

**1. Registerable Personal Interests** – You may have a Registerable Personal Interest if the issue being discussed in the meeting:

- a) relates to any Disclosable Pecuniary Interest (as defined by Annex 1 to the Code of Conduct); or
- b) any other interest (as defined by Annex 2 to the Code of Conduct)

The following interests are Disclosable Pecuniary Interests if they are an interest of either you or your spouse or civil partner:

(1) Employment, Office, Companies, Profession or vocation; (2) Sponsorship; (3) Contracts with the Council; (4) Land in the County; (5) Licences in the County; (6) Corporate Tenancies with the Council; or (7) Securities - interests in Companies trading with the Council.

The following are other Registerable Personal Interests:

(1) any body of which you are a member (or in a position of general control or management) to which you are appointed or nominated by the Council; (2) any body which (i) exercises functions of a public nature or (ii) has charitable purposes or (iii) one of whose principal purpose includes the influence of public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management ); or (3) any person from whom you have received within the previous three years a gift or hospitality with an estimated value of more than £50 which is attributable to your position as an elected or co-opted member of the Council.

**2. Non-Registerable Personal Interests** - You may have a non-registerable personal interest when you attend a meeting of the Council or Cabinet, or one of their committees or sub-committees, and you are, or ought reasonably to be, aware that a decision in relation to an item of business which is to be transacted might reasonably be regarded as affecting your well being or financial position, or the well being or financial position of a person described below to a greater extent than most inhabitants of the area affected by the decision.

The persons referred to above are: (a) a member of your family; (b) any person with whom you have a close association; or (c) in relation to persons described in (a) and (b), their employer, any firm in which they are a partner, or company of which they are a director or shareholder.

### **3. Non-Participation in Council Business**

When you attend a meeting of the Council or Cabinet, or one of their committees or sub-committees, and you are aware that the criteria set out below are satisfied in relation to any matter to be considered, or being considered at that meeting, you must : (a) Declare that fact to the meeting; (b) Not participate (or further participate) in any discussion of the matter at the meeting; (c) Not participate in any vote (or further vote) taken on the matter at the meeting; and (d) Leave the room whilst the matter is being discussed.

The criteria for the purposes of the above paragraph are that: (a) You have a registerable or non-registerable personal interest in the matter which is such that a member of the public knowing the relevant facts would reasonably think it so significant that it is likely to prejudice your judgement of the public interest; **and either** (b) the matter will affect the financial position of yourself or one of the persons or bodies referred to above or in any of your register entries; **or** (c) the matter concerns a request for any permission, licence, consent or registration sought by yourself or any of the persons referred to above or in any of your register entries.

**This guidance is not a complete statement of the rules on declaration of interests which are contained in the Members' Code of Conduct. If in any doubt, please consult the Monitoring Officer or relevant Democratic Services Officer before the meeting.**