



Northumberland County Council

Your ref:

Our ref:

Enquiries to: Kay Norris

Email: kay.norris@northumberland.gov.uk

Tel direct: 01670 622611

Date: 19 January 2021

Dear Sir or Madam,

Your attendance is requested at a virtual meeting of the **AUDIT COMMITTEE** to be held on **WEDNESDAY, 27 JANUARY 2021 at 10.15 AM.**

Please note this will be a “virtual meeting” that will be streamed live on our Youtube channel at [youtube.com/NorthumberlandTV](https://www.youtube.com/NorthumberlandTV)

Yours faithfully

Daljit Lally
Chief Executive

To Audit Committee members as follows:-

Councillors G Hill (Chair), M Swinburn (Vice Chair), G Castle, L Grimshaw,
M Purvis, L J Rickerby, I C F Swithenbank, D Towns

Any member of the press or public may view the proceedings of this virtual meeting live on our YouTube channel at <https://www.youtube.com/NorthumberlandTV>. Members of the press and public may tweet, blog etc during the live broadcast as they would be able to during a regular Committee meeting. However, the only participants in the virtual meeting will be the Councillors concerned and the officers advising the Committee.



Daljit Lally, Chief Executive
County Hall, Morpeth, Northumberland, NE61 2EF
T: 0345 600 6400
www.northumberland.gov.uk



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

(Pages 1
- 14)

Minutes of the meeting of the Audit Committee held on 25 November 2020, as circulated, to be confirmed as a true record and signed by the Chair.

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 Legal Services, on 01670 623324. Please refer to the guidance on disclosures at the rear of this agenda letter.

4. REPORT OF THE EXTERNAL AUDITOR

AUDIT PROGRESS REPORT

(Pages
15 - 30)

To consider the above report from Mazars.

5. REPORTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND SECTION 151 OFFICER

5.1 TREASURY MANAGEMENT STRATEGY STATEMENT FOR THE FINANCIAL YEAR 2021-22

(Pages
31 - 110)

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 2021-22, Prudential Indicators 2021-22 to 2023-24 and the Minimum Revenue Provision Policy 2021-22.

5.2 Northumberland County Council Consideration of ‘Going Concern Status’ for the Statement of Accounts for the year ended 31 March 2020 (Pages 111 - 120)

Northumberland County Council is required to assess whether it should be considered as a ‘going concern’ organisation, and whether the Council’s annual accounts should be prepared on that basis. This report considers the Council’s status as a going concern and recommends that Members approve this.

6. REPORT OF THE CHIEF INTERNAL AUDITOR

APPROACH TO PREPARING THE STRATEGIC AUDIT PLAN 2021/22 (Pages 121 - 126)

The purpose of this report is to outline the approach to preparing the 2021/22 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.

7. URGENT BUSINESS

8. DATE AND TIME OF NEXT MEETING

The next meeting is scheduled for Wednesday, 24 March 2021 at 10:15 am.

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".

9. EXCLUSION OF PRESS AND PUBLIC

The Committee is 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 3 of Part I of Schedule 12A
10, 11, 12, 13, 14a, 14b	Information relating to the financial or business affairs of any particular person (including the authority holding the information)

- 10. MINUTES 25 NOVEMBER 2020** (Pages 127 - 132)
- The confidential part of the Minutes of the meeting of the Audit Committee held on 25 November 2020, as circulated, to be confirmed as a true record and signed by the Chair.
- 11. MINUTES 16 DECEMBER 2020** (Pages 133 - 140)
- The confidential part of the Minutes of the meeting of the Audit Committee held on 16 December 2020, as circulated, to be confirmed as a true record and signed by the Chair.
- 12. REPORT OF THE EXECUTIVE DIRECTOR OF FINANCE AND SECTION 151 OFFICER**
- Overview of Treasury Management Investment Procedures** (Pages 141 - 156)
- The report provides an overview of the Council's rationale and procedures for placing treasury management investments. The report identifies the risks associated with investments and the steps taken to mitigate the risks, as far as possible. The report follows discussion about the inherent risks associated with treasury investments and the risk mitigations measures undertaken, at Audit Committee on 25 November 2020.
- 13. REPORT OF THE DIRECTOR OF CORPORATE ASSURANCE**
- Group Audit Committee: Initial Report and Proposal for Self-Assessment of Framework of Governance, Risk Management and Control by Entities within the Advance Northumberland Group (Appendix F)** (Pages 157 - 174)
- This is the initial report in relation to the Audit Committee undertaking its role as Group Audit Committee (GAC) for the Council's group of companies, in accordance with the Terms of Reference approved at the County Council meeting on 4 November 2020. As reported at the County Council meeting, the active companies within the Council's group currently relate to those within the Advance Northumberland Group of Companies (the Advance Group).
- The report presents summary information in relation to work completed by Internal Audit, and publicly available external audit information, in relation to all non-dormant entities within the Advance Group.
- The report also proposes an approach to invite all non-dormant entities within the Advance Group to provide information so that the GAC can develop its understanding of the framework of governance, risk management and control within the group boundaries. This will help identify areas of emerging risk which the GAC may then wish to commission Internal or External audit to examine further.

14. REPORTS OF THE CHIEF EXECUTIVE

14.1 Commercial Enterprises

(Pages
175 -
312)

To provide an update from the Chief Executive on relevant governance matters relating to the County Council's commercial enterprises.

14.2 Advance

(Pages
313 -
330)

To provide an update on the current position from the Shareholder's Representative on the County Council's assessment of performance of Advance Northumberland, the County Council's wholly owned subsidiary.

IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:

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

Name (please print):
Meeting:
Date:
Item to which your interest relates:
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):
Nature of Non-registerable Personal Interest (please give details):
Are you intending to withdraw from the meeting?

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 purposes 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.