

Audit Committee

This report summarises the items considered by the Audit Committee on 26 January 2017. The next meeting will be held on 23 February 2017.

Arlingclose Training on the Treasury Management Strategy (Agenda Item 6)

Members were provided with a comprehensive presentation by Mark Swallow of Arlingclose (SSDC's Treasury Management Advisors) about treasury management in local government including:

- The requirement for a Treasury Management Strategy
- Investment objectives
- Bank deposits, bail-in and associated risks
- Bank of England Inflation Report
- Investment returns and inflation
- Capital Financing Requirement and Minimum Revenue Provision
- Borrowing, counterparties and investment instruments
- Advantages of pooled funds
- Comparison of property investments and information about Real Estate Investment Trusts

During a brief discussion Mr Swallow responded to some points of detail including:

- SSDC was different to some other local authorities as it already spread its investments across a wide range of classes. He noted many other authorities invested in areas with too much liquidity.
- Clarification of how property funds worked.

The Chief Executive commented that SSDC money was eroding and sources of revenue were decreasing. There is a need to look at income generation and using/investing our money in a different way which may mean taking a higher risk.

The Chairman and members thanked Mr Swallow for his informative and interesting presentation.

Treasury Management Strategy Statement and Investment Strategy 2017/18 (Agenda Item 7)

The Principal Accountant introduced the report which had been prepared for the Audit Committee who are tasked with the scrutiny of treasury management. She had nothing further to add following the presentation on Treasury Management by Arlingclose (previous agenda item).

In response to a query, about the figure of £12 million under the sub-heading 'Investment of money borrowed in Advance of Need', she explained in more detail how the figure had been calculated and that it was linked to Prudential Indicators 9 and 10.

There was no further discussion and members were in agreement to recommend that the Treasury Management Strategy Statement and Investment Strategy for 2017/18 (Appendix 1 to the agenda report) be approved by full Council.

RESOLVED: That Audit Committee recommend full Council approve the Treasury Management Statement and Investment Strategy for 2017/18.

Appointment of External Auditor (Agenda Item 8)

The Assistant Director (Finance and Corporate Services) presented the report which outlined the possible routes for appointing an External Auditor from April 2018. She explained the process and the options for going forward in a little more detail. The options had been discussed with the South West Audit Partnership (SWAP) and opting into the Public Sector Audit Appointments (PSAA) process seemed to be the best way forward for SSDC.

There was no further discussion and members were in agreement to recommend that full Council opt in to the Public Sector Audit Appointments to appoint an external auditor by December 2017

RESOLVED: That Audit Committee recommend full Council opt in to the Public Sector Audit Appointments to appoint an external auditor by December 2017.

Councillor Derek Yeomans
Chairman of Audit Committee
