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## **EXCERPT FROM THE DRAFT MINUTES OF THE AUDIT COMMITTEE HELD ON 12 JULY 2012**

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### **AUC.42/12      STATEMENT OF ACCOUNTS 2011/12**

The Chief Accountant submitted the following reports for information:

#### **(a)      Provisional General Fund Revenue Outturn 2011/12**

Report RD.11/12 summarising the provisional outturn for the General Fund Revenue Budget and providing reasons for variances. The outturn showed that the net underspend for Council services as at 31 March 2012 once committed expenditure totalling £357,500 was taken into account, was £261,459. A request had been made to transfer £250,000 to the Transformation Reserve which, if approved, would result in a final underspend to the Council in 2011/12 of £11,459.

The Executive and the Resources Overview and Scrutiny Panel had considered the matter on 1 and 14 June respectively and the decisions were set out in Minutes EX.058/12 and ROSP.39/12.

RESOLVED – That Report RD.11/12, and the references from the Executive and Resources Overview and Scrutiny Panel, be noted.

#### **(b)      Provisional Capital Outturn 2010/11 and Revised Capital Programme 2011/12**

Report RD.10/12 summarising the 2011/12 provisional outturn for the capital budget and providing details of the revised capital programme for 2012/13. The outturn showed that the net underspend for Council services as at 31 March 2012 once committed expenditure totalling £1,553,300 was taken into account was £268,541.

He added that requests for carry forwards for new items of expenditure totalling £139,500 had been made, which would change the underspend to £129,041.

The Executive and the Resources Overview and Scrutiny Panel had considered the matter on 1 and 14 June respectively and the decisions were set out in Minutes EX.059/12 and ROSP.040/12.

RESOLVED – That report RD.10/12, and the references from the Executive and Resources Overview and Scrutiny Panel, be noted.

## **AUC.43/12      TREASURY MANAGEMENT OUTTURN 2011/12**

The Chief Accountant submitted the Annual Report on Treasury Management (RD.12/12). He informed Members that the report was required under both the Financial Procedure Rules and CIFPA Code of Practice on Treasury Management. The regular report on Treasury Transactions for the period 1 January 2012 - 31 March 2012 was also submitted.

The Chief Accountant outlined developments in the Money Markets over the previous 12 months and their effect on the Council's investments, together with the various performance statistics included within the report. He corrected an error at paragraph 6.4 of the report.

Members' attention was then drawn to the outstanding investments as at 31 March 2012, as detailed on pages 19 and 20 of the report.

The Executive and the Resources Overview and Scrutiny Panel had considered the matter on 1 and 14 June 2012 respectively and the decisions were set out in Minutes EX.060/12 and ROSP.41/12.

In response to Members' questions, the Chief Accountant advised that:

- investments were placed only with the institutions which fell within the guidelines of the Council's approved Investment Strategy. An exception had, however, been made in order that the Council could invest with the Cumberland Building Society (i.e. a small local Building Society).
- The authority faced very little risk in terms of its investments, which realised good / significant returns.
- Officers gave consideration to the assets of building societies to determine the level of security. They also looked at the portfolio as a whole in order to spread the element of risk.

By way of assistance, the Director of Governance explained that a balance required to be struck between protecting the Council's finances and lending support to a local business. A view had therefore been taken that it would be prudent to limit investment in the Cumberland Building Society to £2m, rather than say £4m as suggested by the Member. Officers were comfortable with that level of risk.

The Financial Services Manager stressed that Officers complied with the Council's Strategy, and took the advice of the S.151 Officer and the Treasury Advisors (Sector). Consideration would also be given to the counterparties list, with any issues of significance being reported to the Committee and Council.

The Audit Manager (Audit Commission) stated that, in his experience over the past eighteen months, authorities were moving towards quarterly reporting in terms of investment strategies. The position currently was very fluid due to the level of uncertainty with even well established institutions.

RESOLVED – That the Committee had considered Report RD.12/12 and noted the good performance, in terms of investments, in light of the current economic context as detailed therein.