



AUDIT COMMITTEE REPORT

Report Title	TREASURY MANAGEMENT OUTTURN 2009-10 AND TREASURY MANAGEMENT REPORTING AND TRAINING 2010-11
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	26 July 2010
Policy Document:	No
Directorate:	Finance & Support
Accountable Cabinet Member:	David Perkins

1. Purpose

- 1.1 To put the draft Treasury Outturn Report for 2009-10 before Audit Committee for review prior to it being put to Cabinet and Council for noting in September, and to invite them to put forward recommendations as they think appropriate.
- 1.2 To advise Audit Committee of the proposed reporting timetable for treasury management reports and seek comments on those proposals
- 1.3 To advise Audit Committee of outline proposals for member training in treasury management, to seek comments on those proposals and to invite Audit Committee to indicate any specific training needs.
- 1.4 To ask Audit Committee to put forward recommendations for treasury management strategy, policy or procedures for consideration.

2. Recommendations

2.1 That Audit Committee:

- a) Review the draft Treasury Outturn Report for 2009-10 prior to it being put to Cabinet and Council for noting in September, and put forward recommendations as they think appropriate.
- b) Note and put forward comments on the proposed reporting timetable for treasury management reports
- c) Note and put forward comments on the outline proposals for member training in treasury management and indicate any specific training needs that they have identified.
- d) Put forward recommendations for treasury management strategy, policy or procedures for consideration.

3. Issues and Choices

3.1 Report Background

3.1.1 A report was brought to Audit Committee on 22 March 2010 that explained new regulatory requirements for the Council to place greater emphasis on the scrutiny of treasury management strategies and policies. Under these arrangements the Audit Committee has been nominated by Council as the body responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. This role includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and the making of recommendations to Council.

3.2 Issues

Treasury Management Outturn 2009-2010

3.2.1 The Council's draft Treasury Management Outturn Report for 2009-10 is attached at Appendix A. This comprises a covering report and annexes (A to G). This report is timetabled to go to Cabinet and Council for noting in September 2010.

3.2.2 Audit Committee are asked to review the report and to put forward recommendations to Cabinet and Council as they think appropriate.

Treasury Management Reports

3.2.3 Treasury management reports include, at a minimum:

- Annual Treasury Management Strategy Report
- Treasury Management Mid-year Report
- Treasury Management Outturn Report

3.2.4 A clear timetable is needed to ensure that the Audit Committee has prior scrutiny of all treasury management strategies, policies, practices and reports to Cabinet and Council.

3.2.5 The following timetable is proposed for 2010-11 financial year.

Report	Audit Committee	Cabinet	Council
Treasury Management Outturn Report 2009-10	July 2010	Sept 2010	Sept 2010
Treasury Management Mid-year Report 2010-11	Nov 2010	Dec 2010	Jan 2011
Annual Treasury Management Strategy Report 2011-12 to 2013-14	Jan 2011	Feb 2011	Feb 2011

3.2.6 Audit Committee are advised that due to the interdependence between the Council's capital programme, revenue budget, prudential indicators and treasury strategy, some detailed parts of the annual strategy report brought before them in January are likely to be subject to change before going on to the budget setting meetings of Cabinet and Council in February.

3.2.7 Audit Committee are invited to comment on the proposed reporting timetable for treasury management reports.

Treasury Management Training

3.2.8 The responsible officer (the Section 151 Officer) must ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

3.2.9 Audit Committee members are required by the statutory guidance to recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

3.2.10 It is proposed that training in treasury management for Audit Committee members is aligned to the treasury management reporting timetable, with half hour training slots preceding relevant Audit Committee meetings. Outline proposals are set out in the table below:

Date	Focus	Desired outcome
July 2010	Treasury Management Outturn Report 2009-10	Understanding of key points arising
Nov 2010	Treasury Management Mid-year Report 2010-11	Understanding of key points arising
Jan 2011	Annual Treasury Management Strategy Report 2011-12 to 2013-14	Understanding of key points arising

3.2.11 A wider training programme on treasury management will be offered to all Council members during the year.

3.2.12 Audit Committee are asked to comment on the outline proposals for member training in treasury management, and to indicate any specific training needs that they have identified.

Treasury Management Mid Year Report

3.2.13 In line with the proposed timetable at paragraph 3.2.5 a Treasury Management Mid Year Report for 2010-11 will be brought to Audit Committee in November 2010. Audit Committee are asked are to put forward any suggestions or recommendations for treasury management strategy, policy or procedures for consideration.

3.3 Choices (Options)

3.3.1 Audit Committee have the option to comment on the areas considered in the report and to make recommendations to Officers and to Cabinet and Council.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The Council is required to adopt the latest CIPFA Treasury Management Code of Practice, and to set and agree the following policy and strategy documents:

- A Treasury Management Policy Statement
- Treasury Management Practices (TMPs) and TMP Schedules
- An annual Treasury Strategy incorporating:
 - The Capital Financing and Borrowing Strategy for the year including:
 - The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
 - The Affordable Borrowing Limit for the year as required by the Local Government Act 2003.
 - The Investment Strategy for the year as required by the CLG Guidance on Local Government Investments issued in 2004, and updated in 2010.
- A mid-year review report and an annual review report of the previous year.

These documents are reported to Cabinet and Council as part of the budget setting process or at appropriate points during the year.

3.2.14 The updated CIPFA Treasury Management Code of Practice (published in 2009) requires the Council to place greater emphasis on the scrutiny of treasury management strategies and policies. This includes the nomination of the body (such as an audit or scrutiny committee) responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. Council has nominated the Audit Committee for this role, which includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and the making of recommendations to Council.

4.2 Resources and Risk

- 4.2.1 The risk management of the treasury function is considered as an integral part of day-to-day treasury activities, and is also specifically covered in the Council's Treasury Management Practices (TMPs), which are reviewed annually.
- 4.2.2 The outturn report for 2009-10 attached as an Appendix to this report includes an analysis of the risk implications of decisions taken and transactions executed during 2009-10.

4.3 Legal

- 4.3.1 The Council is obliged to carry out its treasury management activities in line with statutory requirements and associated regulations and professional guidance. The relevant legislative and regulatory documents are referred to within the report and annexes and listed in the background papers

4.4 Equality

- 4.4.1 Annual Equalities Impact Assessments are carried out on the Council's Treasury Strategy and the associated Treasury Management Practices (TMPs) and Schedules to the TMPs. These are reported to Cabinet and Council in February of each year.

4.5 Consultees (Internal and External)

- 4.5.1 Consultation on treasury management matters is undertaken as appropriate with the Council's treasury advisers, Sector, and with the Portfolio holder for Finance

4.6 Other Implications

- 4.6.1 No other implications have been identified

5. Background Papers

Statute, Regulation and Guidance

Please see the Treasury Management Outturn Report at Appendix A for a full list of current statute, regulation and guidance relating to treasury management.

Reports to Audit Committee, Cabinet & Council

Treasury Strategy 2009-10 to 2011-12 – Report to Cabinet 19 February 2009 & Council 26 February 2009

Treasury Strategy 2010-11 to 2012-13 – Report to Cabinet 24 February 2010 & Council 25 February 2010

Treasury Strategy 2010-11 to 2012-13 – Report to Audit Committee 22 March 2010

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