



CITY OF  
*Lincoln*  
COUNCIL

**Chief Executive & Town Clerk**

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**TO ALL COUNCIL MEMBERS**

**Democratic Services** are dealing with this matter

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Date: 23 July 2018

**COUNCIL - TUESDAY, 24 JULY 2018**

Dear Councillor,

Further to the previously issued agenda for the Council meeting of Tuesday, 24 July 2018, please find attached the following additional papers.

9. Statement of Accounts 2017/18 (Pages 3 - 4)

An additional disclosure has been requested in the Statement of Accounts as reflected in the attachment. This should replace the page included in the Statement of Accounts document originally published.

10. Audit Committee Terms of Reference (Pages 5 - 6)

Extract of minutes of the meeting of Audit Committee held on 19 July 2018.

If you require any further information please feel free to contact me using the information provided above.

Yours faithfully,

Graham Watts

**Democratic Team Leader and Elections Manager**

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## Item No. 9

calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months, or is a trade or other receivable, the fair value is taken to be the carrying amount outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

### Financial Liabilities

31/03/17			31/03/18	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
59,956	72,727	PWLB Debt	59,956	71,653
16,176	26,821	Money Market Debt	16,175	26,345
565	561	Stock	565	561
34	34	Other	5,762	5,900
<u>76,731</u>	<u>100,143</u>	<b>Total Debt</b>	<u>82,458</u>	<u>104,459</u>

The Council has £561,000 of listed debt. This stock has not been traded in recent years. Due to this debt being immaterial and the lack of market activity its fair value has been assessed to be its 'par' (or face) value.

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. This is to be expected given that the current rates of interest are at a historically low level.

### Financial Assets

31/03/17			31/03/18	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
20,823	20,823	Money Market Investments <1 year	15,600	15,615
0	0	Money Market Investments >1 year	0	0
<u>20,823</u>	<u>20,823</u>	<b>Total Investments</b>	<u>15,600</u>	<u>15,615</u>

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**EXTRACT FROM COMMITTEE**

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**Audit Committee**

**19 July 2018**

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**18. Audit Committee Terms of Reference**

John Scott, Audit Manager:

- a. presented a report to obtain comments on an update to the Audit Committee terms of reference based on best practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), prior to referral to Full Council for approval
- b. reported that the terms of reference should be amended to reflect a recent update by CIPFA on their guidance on Audit Committees
- c. outlined the main changes to the terms of reference as detailed at paragraph 4 and Appendices A and B of the report
- d. advised that a report on the proposal to review the governance and assurance arrangements for significant partnerships or collaborations in outline form would be presented to the next meeting of Audit Committee on 27 September 2018
- e. requested member's consideration of the revised terms of reference for Audit Committee.

Jane Nellist, Independent Member, enquired whether in the interests of good practice further changes to our terms of reference should be considered to reflect new guidance published by the Financial Reporting Council 'UK Code of Corporate Governance for Private Companies' which focussed on culture and increased emphasis on internal audit.

Officers highlighted that the Council took its advice/guidance from CIPFA, although the above publication would be considered to see if there were any relevant points to report back to Committee.

In relation to the review of significant partnerships, members requested clarification on the meaning of partnership work.

John Scott, Audit Manager, highlighted that the remit of Audit Committee was to look at inter council collaborations rather than contractual partnerships, although the governance of other contracts was also covered.

Jaclyn Gibson, Chief Finance Officer, confirmed that an officer group was currently working on a list of the council's partnership agreements across the City to ensure we had the correct governance procedures in place. Once this piece of work was completed officers would report back to Audit Committee categorising the various partnership arrangements in place.

RESOLVED that the revised terms of reference be agreed and referred to Full Council for adoption.

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