

## AUDIT AND STANDARDS COMMITTEE

# 3

26 September 2013

7.00 pm – 9.30 pm

Council Chamber, Ebley Mill, Stroud

### Minutes

#### Membership:

<b>Councillor Molly Cato *</b>	P	<b>Councillor Nigel Studdert-Kennedy**</b>	P
Councillor Chris Brine	P	Councillor Keith Pearson	P
Councillor Paul Carter	P	Councillor Roger Sanders	A
Councillor Paul Denney	P	Councillor Rhiannon Wigzell	P
Councillor Alan O'Connor	A		

\* Chair

\*\* Vice-Chair

P = Present

A = Absent

#### **Other Councillors Present:**

Councillor Nigel Cooper

#### Officers in attendance

Head of Finance

Senior Accountancy Officer

Principal Accountant

Accountancy Manager

Strategic Head of Tenant Services

Internal Audit Manager

Head of Housing Contracts

Head of Cultural Services

Democratic Services Assistant

#### Others in attendance

Darren Gilbert, Director, KPMG (the Council's external auditors)

Matthew Arthur, KPMG

#### AC.014

#### APOLOGIES

Apologies for absence were received from Councillors Roger Sanders and Alan O'Connor

**AC.015**                      **DECLARATIONS OF INTEREST**

There were none.

**AC.016**                      **MINUTES**

Members commented that the Minutes, although accurate, did not contain the full range of discussions that had taken place, and that some comments by Members had been omitted. It was recognised that with the new committee structure there was a need for brevity with the Minutes. The live broadcast of meetings and the retention of the webcast for six months did allow access to the full discussion at meetings.

**RESOLVED**                      **That the Minutes of the meeting of the Audit and Standards Committee held on 25 June 2013, are approved as a correct record and signed by the Chair.**

**AC.017**                      **PUBLIC QUESTION TIME**

There were none.

**AC.018**                      **REPORT TO THOSE CHARGED WITH GOVERNANCE – ISA 260**

Darren Gilbert, Director of KPMG outlined the above report to those charged with Governance for 2012/13 which summarised the key issues identified following the audit of the Council's financial statements, together with an assessment of the Council's arrangements to secure value for money in its use of resources. The report identified that there was a positive assessment of the Council's approach to Governance and an 'unqualified audit opinion' would be issued. In respect of the Value for Money assessment, it was recognised that the Woolaways project at Minchinhampton was quite complex and potentially posed a value for money risk. Members were informed that this project would be reviewed in more detail by the Council's external auditors as part of next year's audit work. In response to questions from Members, KPMG stated that they were not commenting on the merits of the project but highlighting the value for money risks associated with it.

**RESOLVED**                      **To note the report.**

**AC.019**                      **STATEMENT OF ACCOUNTS 2012/13**

The Accountancy Manager presented the report which set out the Council's income, expenditure and cash flow for the financial year 2012/13. The report highlighted the the most significant changes between the original budget and actual net expenditure. These included a change in accounting treatment for LAMS, a reduction in staffing costs, increased income and reduced expenditure on waste recycling, and improved recovery of council tax and housing benefit overpayment.

- RESOLVED**
- (a) To approve the audited Statement of Accounts for the year ending 31 March 2013, and
  - (b) That the Head of Finance & S151 Officer and Chairman of the Committee be authorised to sign a letter of representation on behalf of the Committee and Council to KPMG, to enable the audit opinion to be issued.

**AC.020**                      **ANNUAL TREASURY MANAGEMENT ACTIVITY AND ACTUAL PRUDENTIAL INDICATORS 2012/13**

The Principal Accountant outlined the above report that advised on the treasury management activities in 2012/13, in accordance with the Council's Treasury Policy Statement and also reported on actual 2012/13 Prudential Indicators in accordance with the requirements of the Prudential Code. It was reported that the Council had an average level of investments of £24.837m and that the average return on investments was 1.41%. In response to questions from Members it was reported that £576k was retained by the Glitnir bank. There was no further information about the investment with the bank but the Council was in regular contact with the Local Government Association.

- RESOLVED**                      **To note the Treasury Management Activity Annual Report for 2012/13 and approve the Actual Prudential Indicators.**

**AC.021**                      **1<sup>ST</sup> QUARTER TREASURY MANAGEMENT ACTIVITY 2013/14**

The report provided an overview of the investment activity and performance of the Council for the first quarter of the financial year. The report was a 'good practice' report and related to Council policy established in February 2013. The interest gained in the first quarter of £68k indicated that the budgeted figure of £275k would be achieved.

- RESOLVED**                      **To approve the Treasury Management Activity first quarter report for 2013/2014.**

**AC.022**                      **INTERNAL AUDIT PLAN MONITORING REPORT 2013/14**

The Internal Audit Manager provided Members with an update on the audits that had been completed as part of the 2013/14 Internal Audit Plan. The Audit Manager reported that as at 30 September 2013, 82% of audits had been completed and that the target of 90% completed audits should be achieved by the end of the financial year. There was a wide discussion on the item in the report which highlighted audit concerns in respect of the gas central heating replacement contract. Officers acknowledged that the audit had demonstrated areas for improvement. The nature of the contract and amount of work involved across all HRA contracts had necessitated further training on procurement and contract management. Members recognised the risks associated with the contract and requested that confirmation that this area is on the Risk Register, with the Risk Register being subject to discussion at the next meeting of the Committee.

**RESOLVED** To accept the report and the assurances given on the adequacy of internal controls operating in the systems audited.

**AC.023** **PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)**

The Internal Audit Manager presented the report which outlined the changes to the Internal Audit Standards. The report highlighted three main areas - Internal Audit Charter, Organisational Independence, and External Assessment.

**RESOLVED** (a) To note the identified changes required in implementing the PSIAS.  
(b) To approve the proposed actions required to help demonstrate compliance with the PSIAS.

**AC.024** **ANNUAL REPORT ON FRAUD AND CORRUPTION 2012-13**

The Internal Audit Manager presented the report which identified a number of instances where fraud had been detected and actions taken. The main areas of investigation were around benefit fraud. Formal action taken against identified benefit fraud cases included prosecution, application for an Administration penalty, and formal caution.

**RESOLVED** To note the report.

**AC.025** **AUDIT AND STANDARDS BUSINESS PLAN 2013/14**

Members received the report but took the view that it should be entitled 'work programme' not a business plan.

**RESOLVED** To note the Audit and Standards Committee Business Plan 2013/14.

**AC.026** **MEMBERS' QUESTIONS**

There were none.

The meeting closed at 9.30 pm.

**Chair**