

**AUDIT AND STANDARDS COMMITTEE**

29 September 2015

7.00 pm – 8.40 pm

Council Chamber, Ebley Mill, Stroud

**Minutes****3**Membership:

Councillor Nigel Studdert-Kennedy (Chair)	P	Councillor Colin Fryer	P
Councillor Tom Williams (Vice Chair)	P	Councillor Keith Pearson	P
Councillor Martin Baxendale	P	Councillor Rhiannon Wigzell	P
Councillor Karon Cross	A	Councillor Penny Wride	A
Councillor Stephen Davies	A		

A = Absent P = Present

Officers in attendance

Strategic Head (Finance and Business) Services	Internal Audit Manager
Accountancy Manager	Democratic Services Assistant
Principal Accountant	Legal Services Manager and Monitoring Officer

Others in attendance

Darren Gilbert – KPMG  
 Matthew Arthur – KPMG

**AC.014****APOLOGIES**

Apologies for absence were received from Councillors Karon Cross and Penny Wride

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

There were none.

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

**That the Minutes of the meeting of the Audit and Standards Committee held on 7 July 2015 are approved as a correct record and signed by the Chair.**

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

None received.

**AC.018**                      **AUDIT AND STANDARDS WORK PROGRAMME FOR 2015/16**

It was requested that members be provided with a written update of the NOPP and Homelessness Review Hearings and for this to be included with the Minute papers. The Legal Services Manager reported that Information Sheets did appear on the Council's website and were publically available. It was agreed to highlight Information Sheets on the website with a link to the relevant committee.

**RESOLVED**                      **To note the work programme, subject to the inclusion of the above in the 2015/16 work programme.**

**AC.019**                      **ANNUAL GOVERNANCE STATEMENT 2014/15**

A revised wording of paragraph 18.1 of the report was approved to note the ongoing nature of the issues raised by KPMG in their ISA 260 report.

**RESOLVED**                      **to approve the Annual Governance Statement 2014/15 as set out in Appendix A. as amended**

**AC.020**                      **REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2014/15**

Darren Gilbert from KPMG presented the report which summarised the key findings of the audit work for 2014/15 and the Value for Money Audit. KPMG informed the Committee that they would be issuing an unqualified audit opinion as to the Council's Financial Statements by September 2015. They were satisfied with the accounts and the controls in place. It was noted that the Council had two significant audit risks; its investments in the housing stock and with renewable energy.

In respect of the Value for Money audit, two risks were identified; the achievement of the savings plan and the contract procurement process. The report concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Some issues had been identified in respect of the procurement process. It was recognised that steps were being taken to address the areas of concern.

Members noted that changes to audit arrangements were to be introduced in 2017/18 which would require the Council to finalise its accounts earlier and for its audit to be completed earlier. The Accountancy Manager confirmed that the Council had commenced a review process and had identified areas of work that could be brought forward.

**RESOLVED**                      **To approve the report.**

**AC.021****STATEMENT OF ACCOUNTS 2014/15**

The Accountancy Manager presented the report and reminded Members that the Statement of Accounts was an important part of the Council's accountability. He highlighted the risks associated with the Business Rates Retentions Scheme and that a significant part of the Council's budget was dependent upon the business rates collected. He further informed members of the Gloucestershire Business Rate Pool and Stroud District Council's contribution of £301,000 to the pool in 2014/15. This contribution was linked to; the deficit experienced by Tewkesbury Borough Council and the successful claim for a rate reduction by Virgin Media.

Other areas highlighted were the; Canal Restoration Project, The Housing Revenue Account and the Council's Borrowings. In response to questions from Members, the Accountancy Manager stated that the level of balances were held to support certain projects such as; housing, planning appeals and waste management. In respect of questions around the Time Value of Money a written answer would be provided.

The Chair thanked the Accountancy Manager and his colleagues for the work in preparing and presenting the accounts.

- RESOLVED**
- (a) to approve the audited Statement of Accounts for the year ending 31 March 2015, and**
  - (b) that the Head of Finance and s151 Officer together with the 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.022****TREASURY MANAGEMENT ACTIVITY 2015/16**

The report, presented by the Principal Accountant, set out the Council's investments and cash flows for the first quarter. The Council's average investment was £29.640 m. The Council's total investment at the end of June 2015 was £32.696 m and the total borrowing was £95.717m. Interest £65, 600, gained in the first quarter, indicated that the budgeted figure of £180,000 would be achieved.

- RESOLVED**
- To approve the treasury management activity first quarter report for 2015/2016.**

**AC.023****INTERNAL AUDIT PLAN MONITORING REPORT 2015/16**

In his report, the Internal Audit Manger referred to the Final Account audit of the Renewable Energy contract and the query raised on the level of VAT that had been applied to payments made under this contract. He advised Members that discussions were taking place between the Council, the contractor, and, HMRC to resolve the issue.

In respect of the completed audits, as at the end of September, out of 15 audits planned for completion, six had been completed, five were at draft report stage, and two were substantially complete. He confirmed that where there were

recommendations made within an audit it was for management to set the timescale for implementation.

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

**AC.024**                    **ANNUAL REPORT ON FRAUD ACTIVITY/COUNTER FRAUD**  
**- 2014/15**

The Internal Audit Manager outlined the role of the National Fraud Initiative and the data matching exercise. On a two year cyclical basis, Council's data is provided to the NFI and matched with data from other public sector organisations.

The Internal Audit Manager's report also highlighted the investigations into benefit fraud and benefit overpayments. There had been 316 allegations of fraud with 9 cases being prosecuted, resulting in a guilty outcome. The Council's Revenue and Benefits Manager had stated that there had been an approximate increase of 50% in 'new' housing benefit overpayment debt as a result of a pilot scheme called 'Real Time Information' with HMRC.

Members asked that the actual figures be provided and not just the percentage increase. The Internal Audit Manager agreed to circulate the information to Members.

**RESOLVED**                    **To approve the report.**

**AC.025**                    **MEMBERS' QUESTIONS**

There were none.

It was agreed that an Audit and Standards Committee scheduled for 27 October 2015 should be cancelled.

The meeting closed at 8.40 pm.

**Chair**