



STROUD DISTRICT COUNCIL

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AUDIT AND STANDARDS COMMITTEE

8 October 2019

7.00 pm – 7.44 pm

Council Chamber, Ebley Mill, Stroud

Minutes

Membership:

Councillor Nigel Studdert-Kennedy (Chair)	P	Councillor Stephen Davies	P
Councillor Tom Williams (Vice-Chair)	P	Councillor Karen McKeown	P
Councillor Dorcas Binns	A	Councillor Keith Pearson	P
Councillor Miranda Clifton	P	Councillor Mark Reeves	A
Councillor Rachel Curley	P		

A = Absent P = Present

Officers present:

Interim Head of Legal Services and Monitoring Officer	Strategic Director of Resources Principal Accountant
Group Manager - Audit Risk and Assurance Shared Service (ARA)	Democratic Services and Elections Officer

AC.013

APOLOGIES

Apologies for absence had been received from Councillor Reeves and Binns.

AC.014

DECLARATIONS OF INTEREST

There were none.

AC.015

MINUTES

Councillor McKeown thanked officers for the response to questions she had asked at the Audit and Standards Committee on 25 July 2019 however advised she had not received a response regarding minute AC.008 and questioned when the GDPR report would be brought to Committee. The Interim Head of Legal Services and Monitoring Officer advised that the report would be brought to the Committee on 19 November 2019.

The Strategic Director of Resources confirmed that Deloitte had issued an unqualified opinion on the Statement of Accounts by the deadline.

RESOLVED That the Minutes of the meeting held on 25 July 2019, are approved as a correct record.

AC.016 **PUBLIC QUESTION TIME**

There were none.

AC.017 **INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2019/20**

In presenting the above report, the Group Manager - Audit Risk and Assurance Shared Service (ARA) advised that the report contained 3 audit outcomes, VAT Outputs, Housing Stock Void Management and Local Government Transparency Code all with satisfactory assurance opinions. The Group Manager - Audit Risk and Assurance Shared Service (ARA) also brought the Committee's attention to pages 21 and 22 which contained a counter fraud update.

Councillor Pearson stated that it was good that of the 6 Council Tax Reduction Scheme referrals that the Counter Fraud Unit had closed, all of them had resulted in prosecutions or penalties.

Councillor Clifton asked whether the key findings of the Housing Stock Void Management Audit had been reported to Officers in Tenant Services and the Chair of the Housing Committee. It was also asked if the findings were included in the key performance indicators and whether these would be looked at during performance monitoring. The Group Manager - Audit Risk and Assurance Shared Service (ARA) confirmed that the detailed audit reports were issued to the Head of Services and Directors relevant to the report. The Housing Stock Void Management Audit report was sent to the Head of Contract Services, the Head of Housing Services and relevant Directors to ensure any recommendations were known and appropriate management responses obtained. It was confirmed that it would be the responsibility of the report recipients to ensure any relevant actions were communicated to the team. The Strategic Director of Resources confirmed that currently it is the responsibility of Officers within the relevant service to take action and rectify any issues and that it isn't always reported through performance monitoring. It was advised that he would need to think about how we can ensure that the information is looked at across the whole organisation and how we can ensure that it doesn't just sit within one service area.

Councillor Williams asked whether satisfactory assurance was a lower level of assurance than substantial assurance. The Group Manager - Audit Risk and Assurance Shared Service (ARA) confirmed that there were 3 assurance levels that could be allocated an audit outcome, the highest is substantial assurance, then satisfactory assurance and the lowest is limited assurance. The Strategic Director of Resources also confirmed that we are always aiming for substantial assurance.

The Chair brought the Committees' attention to the last paragraph on page 22 and asked for an update. The Director of Resources confirmed that the revised Tenancy Fraud Policy would be brought back to the Audit and Standards Committee to be reviewed.

On being put to the vote, the Motion was carried unanimously.

RESOLVED

- a. To accept the progress against the Internal Audit Plan 2019/20.
- b. To accept the assurance opinions provided in relation to the effectiveness of the Council's control environment.

AC.018 **1ST QUARTER TREASURY MANAGEMENT ACTIVITY REPORT 2019/20**

The Principal Accountant introduced the above report and confirmed that the interest that had been earned was just short of £99,000 with an average interest rate of 0.94%. He also drew the Committees' attention to Table 2 which showed a snapshot of the investments that were in place at the end of June 2019. The Principal Accountant also stated that Link Asset Services were administering a selection process and a meeting was being held on Friday to review the shortlist of investments for Property Funds and Multi-Asset Funds.

Councillor Davies asked for confirmation that following on from the change of strategy we had not yet made any investments and also requested clarification that we knew what criteria the investments would be judged against. The Strategic Director of Resources confirmed that no investments had been made yet and that Link Asset Services had provided them with a range of questions to think about. He also stated that all of the funds they would be discussing on Friday were good quality investment funds that were suitable for a Local Authority to invest in.

Councillor Pearson asked what interest rate we were aiming for with the new investments. The Principal Accountant advised that the long term average interest rate they were aiming for was about 3.5% – 4%. Councillor Pearson questioned whether the timing was right to invest as some people are predicting a crash around the corner. The Strategic Director of Resources stated that Councillor Pearson's point about uncertainty was a fair one, it was advised that they may make a decision about which investment to make on Friday but could wait and see what happens before completing the investment. The Strategic Director of Resources also stated that he will be asking the firms on Friday how often they would report back to the Council and how would they notify the Council if there are any fluctuations.

Councillor Curley spoke about the risk appetite and confirmed that it was still quite cautious and that we were correct to be following this approach. She also asked if the reports going forward would contain a separate section so that the Committee can monitor and evaluate how the investments are performing. The Strategic Director of Resources confirmed that the Treasury Management Activity Reports will include details about the funds performance.

Councillor Williams asked whether the performance of the investment funds are published in the newspapers. The Principal Accountant confirmed that they would ask this question at the meeting on Friday.

The Chair advised the Committee to bear in mind that the 0.95% interest rate is 1.05% below inflation.

On being put to the vote, the Motion was carried unanimously.

RESOLVED **To accept the treasury management activity first quarter report for 2019/2020.**

AC.019 **STANDING ITEMS**

(a) Work Programme

The Chair outlined the Committee Members chosen specialisations:

Councillor Curley – Excelsis and Risk Management

Councillor Davies – Canal and IT

Councillor Pearson – Waste Management and UBICO

Councillor McKeown – Procurement

Councillor Reeves - TBC
Councillor Williams – Housing accounts
Councillor Clifton – TBC

AC.020 **MEMBERS' QUESTIONS**

There were none.

The meeting closed at 7.44 pm.

Chair