



# STROUD DISTRICT COUNCIL

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## AUDIT AND STANDARDS COMMITTEE

28 September 2021

7.00 - 9.17 pm

Council Chamber

### Minutes

#### Membership

**Councillor Nigel Studdert-Kennedy (Chair)**

Councillor Paula Baker

Councillor Stephen Davies

Councillor Norman Kay

Councillor Nick Hurst\*

\*= Absent

**Councillor Martin Percy (Vice-Chair)**

Councillor Keith Pearson

Councillor Rich Wilsher

Councillor Ashley Smith\*

#### Officers in Attendance

Principal Accountant

Senior Accountancy Officer

Counter Fraud Manager

Principal Auditor

Accountancy Manager

Strategic Director of Resources

Operations Manager

Head of Audit Risk Assurance

Strategic Director of Communities

Democratic Services & Elections Officer

Monitoring Officer

Trainee Auditor

#### Other Member(s) in Attendance

Councillor Mattie Ross

#### Others in Attendance

Michelle Hopton, Deloitte, Audit Lead

Chris Lanham, Deloitte, Manager

#### AC13

#### Apologies

Apologies for absence were received from Councillors Smith and Hurst.

The Chair proposed and received agreement from the Committee to move Agenda Item 9 to the end of the meeting, after Agenda Item 11.

#### AC14

#### Declaration of Interests

There were none.

**AC15**      **Minutes**

**RESOLVED** That the Minutes of the meeting held on 13 July 2021 are approved as a correct record.

**AC16**      **Public Question Time**

There were none.

**AC17**      **Counter Fraud Update**

The Counter Fraud Unit Manager introduced the report, she explained the work completed was for the Revenues & Benefits and Housing teams and included:

- Work on the Council Tax Reduction Scheme (CTRS).
- Triage work for the National Fraud Initiative (NFI) single person discount and electoral register matches.
- Information on cases from the housing team tackling tenancy and housing fraud.
- Member Code of Conduct Investigation
- Rolling out training to staff on new policies and record keeping.

The Counter Fraud Unit Manager informed the Committee that a policy regarding Social Media and the use of internet investigations would be brought to the next meeting.

Councillor Kay questioned whether the Council had any authority to investigate the government grants given for PPE. The Head or Audit Risk Assurance confirmed that was possible but required reasonable cause to investigate. The Strategic Director of Resources advised that they would need more information and would need to know what role the Council had in the activities and asked Councillor Kay to contact him for further information.

Councillor Wilsher drew the Committees attention to section 3.1 on page 13 of the document pack and questioned if there were any KPI's around the financial results of the Counter Fraud Unit (CFU) and if not, could they have been introduced. The Counter Fraud Unit Manger offered to provide details outside of the meeting if requested on specific areas.

Councillor Percy asked whether comparisons could be drew with other similar authorities. The Counter Fraud Unit Manager advised that she would speak with the Audit Team to see what comparisons could be made as she didn't carry out the same work with each Authority. She confirmed she would be able to provide further information outside of the meeting.

Councillor Pearson drew the Committees attention to page 29 of the document pack which contained information on grants. He questioned if and when these were going to be looked at to ensure they were claimed responsibly. The Strategic Director of Resources explained this was what Audit Risk Assurance (ARA) had been already looking into. They had been completing pre-payment and post-payment checks for the grants and would look into bringing a summary of the outcomes back to the Committee.

The Chair asked questions regarding Paragraph 2.4 of the report which detailed the successful prosecutions. The Counter Fraud Unit Manager explained the sum would be in the account holders Council Tax Account as a debt and would be subject to the usual recovery process. She further explained, prosecution fines would be treated differently as they would be set by the court and therefore recovered by the court as well, any costs would be sent back to the Department for Work and Pensions.

In response to an earlier question from Councillor Percy, the Head of ARA informed the committee from an earlier report he had deciphered that SDC was not more affected by fraud than similar size councils

## **RESOLVED The Committee RESOLVES to note the CFU Updates**

### **AC18      Annual Audit Letter**

The Audit Lead, Michelle Hopton, from Deloitte presented the report and advised that they envisioned issuing an unqualified audit opinion, with regards value for money they had no significant weaknesses to report.

Chris Lanham of Deloitte updated the Committee with regards the outstanding items:

- Awaiting receipt of IAS19 pension letters.
- Work on car park valuation in relation to property valuations.
- Work on the Covid-19 grants to create a benchmarking exercise to create consistency across multiple councils.

He then ran through the significant risks and areas of audit focus, which can be found on page 8 of the report. These included:

- Completeness of Creditors
- Management override of controls
- Pension liability valuation
- Property Valuations
- Covid-19 grants

From a question raised by Councillor Davies, the Audit Lead explained that there had been significant improvement with the Audit process and that there had been good communication between Stroud District Council and the audit team. It was confirmed that they were in a really good position in terms of deadlines.

After a question raised by the chair which regarded the delays with the outstanding items, The Audit Lead explained that the work was ongoing. There had been no break in the work and it would continue until the items were completed with the exception of the IAS19 Pension Letter. This was out of their control and they had chased for a date and had not yet received a response.

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

## **RESOLVED The Committee RESOLVES to note the Annual Audit Letter on the 2020/21 External Audit.**

**AC19**      **Statement of Accounts 2021/22**

The Principal Accountant presented the report and summarised the main differences between this report and the unaudited Statement of Accounts which had gone to the July Committee. The main differences included:

- Page 66 - The cash flow statement.
- Page 72 – Cash and cash equivalent.
- Page 92,103 &131 - Item property plant and equipment.
- Page 93 - Material items of income and expense.
- Tables had been tidied up by removing 'nil' rows.
- Page 113 – Public Works Loan Board (PWLb) maturity dates
- Page 116 – Provision note.
- Page 119 – Capital adjustment account.
- Page 124 – Cash flow financing activities.

Councillor Pearson asked for clarification over the figures of the overall Audit cost on pages 40 & 133 of the document pack. The Audit Lead explained it was appropriate to report the figures into the year in which they were costed, that was why there was a change of £20,000 which was moved into 2019/20.

Councillor Pearson Proposed and Councillor Davies Seconded.

After being put to a vote, the Motion carried.

**RESOLVED**   a) **Approve the audited Statement of Accounts for the year ending 31 March 2021 and**  
                      b) **Approve that the Strategic Director of Resources and Chair of the Audit Committee sign the Statement of Accounts and the letter of representation.**

**AC20**      **1st Quarter Treasury Management Activity Report 2021/22**

The Senior Accounting Officer presented the report and drew the committees attention to the main points of the report:

- Page 163, Table 1 – Benchmarking column had been dropped temporarily, London Interbank Bid Rate (LIBID) was due to be replaced by Standard Over Night Index Average (SONIA).
- Rate of return on internally managed temporary investments was 0.181 which is in line with benchmarking group.
- Rate of return on property investment is 2.88%, error on page 163, In the middle column the figure should have read £58,000,660 investments and an average interest of £26,000.
- Table 2 showed £6m invested in property and £4m invested in assets which totalled £10m. Currently valued at £10.78m.
- Table 3 showed the variety of investments.
- Capital Financing Requirements (CFR) had been updated to £111m while borrowing remained at £102m.

The Senior Accounting Officer answered questions on the following:

- Link Asset Services (LAS) weekly list.

- Ethical funds could be separated out in the future, an ethical policy would be developed.
- Stronger returns on building societies in the last few weeks.

Councillor Davies proposed and the Chair Seconded.

After being put to a vote, the Motion was carried.

**RESOLVED The Audit and Standards Committee ACCEPTS the treasury management activity first quarter report for 2021/2022.**

**AC21 To consider the Work Programme for 2021/22**

The Strategic Director of Resources informed the committee he would be bringing a report to the November Committee regarding the next round of shared public sector auditor procurement.

Councillor Kay raised a question regarding the Record Management Policy. In a previous meeting on the 13 July, it was agreed to be reviewed and brought back to the Committee. The Strategic Director of Resources confirmed that was indeed the case and would take it up with the new Interim Monitoring Officer.

Councillor Davies requested that the Committee consider a few things in future meetings:

- Action being taken around climate change and the value for the money.
- Canal Restoration Project.

The Strategic Director of Resource confirmed that both of those items could be considered at the audit plan planning meeting.

Councillor Percy raised a question around ongoing Audits and whether they would be completed on time or if they would need to be considered in the following Civic year. The Head of Audit Risk Assurance (ARA) confirmed there would be some impact to the schedule however the size of which wouldn't be known until after the planning review.

**AC22 Member Questions**

There were none.

**AC23 To consider any risk management issues**

The Strategic Director of Resource introduced the report which had been circulated to the Committee prior to the meeting.

The Chair commented that there were no scores of 16 on the strategic risk register which indicated an improvement. The Strategic Director of Resources confirmed all of the risks rated 16 were reviewed and re-evaluated after a thorough assessment of the scoring system.

Councillor Pearson raised a concern over the Covid Pandemic being reduced on the risk register despite it still being very current. To which the Strategic Director of Resource confirmed the Pandemic was classed as a 9 which was still a major risk.

Councillor Percy noticed an error in the report where the risk moves from 6-8. It was agreed this would be corrected.

## **AC24      Internal Audit Progress Report 2021/22**

Councillor Ross joined the meeting.

The Chair explained that this report contained exempt information therefore, a vote to enter a private session was required. After concerns raised by Councillor Davies that some of the areas of the report should have been discussed in public, it was agreed to take a vote on the exempt information and begin the discussions in open session.

The Chair Proposed, on the advice of the Monitoring Officer, and it was seconded by Councillor Kay, that Appendices B and C of the agenda item 9 should be considered exempt and if agreed, any questions would be dealt with in closed session. The information was considered exempt as it related to the financial or business affairs of any particular person (including the authority holding that information)

After being put to a vote, the Motion carried.

**RESOLVED Pursuant to the provisions of Section 100 (A)(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of this item at agenda item 9 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A of the Act.**

The Head of ARA introduced the report and explained that the report showed the activity up to August 2021. He drew Members attention to page 178 which was the summary of their opinion and assurance on risk and control and explained that it consisted of 1 report. He further explained the two items included in the report:

- ICT Service Desk.
- Grant claims on lost service fees as a result of the Covid pandemic.

The Head of ARA answered questions on the following:

- ICT advisory work and implementation, it was confirmed that a further follow up review was not planned however management could report back to Committee to confirm progress made. Councillor Percy requested that management did provide a follow up report once the actions has been completed.

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

**RESOLVED To Note the progress against the Internal Audit Plan 2021/22.**

Members moved into closed session to discuss Appendices B and C and the live recording was stopped.

During the closed session Councillor Kay proposed an amendment to include a further report to Committee in February which the Chair seconded.

After being put to a vote, the Motion was carried.

**RESOLVED To note the assurance opinions provided in relation to the effectiveness of the Council's control environment subject to a further report in February.**

The meeting closed at 9.17 pm

Chair