

AUDIT AND STANDARDS COMMITTEE

5 July 2016

7.00 pm – 8.50 pm

Council Chamber, Ebley Mill, Stroud

MinutesMembership

Councillor Nigel Studdert-Kennedy (Chair)	P	Councillor Keith Pearson	P
Councillor Rachel Curley (Vice-Chair)	P	Councillor Mark Reeves	P
Councillor Martin Baxendale	P	Councillor Tom Williams	P
Councillor Stephen Davies	P	Councillor Penny Wride	P
Councillor Colin Fryer	P		

A = Absent P = Present

Officers in attendance

Chief Executive Officer	Head of Audit Risk and Assurance
Group Manager, Audit Risk and Assurance	Democratic Services Assistant
Accountancy Manager	

Others in attendance

Darren Gilbert KPMG

AC.001**APOLOGIES**

There were none.

AC.002**DECLARATIONS OF INTEREST**

There were none.

AC.003**MINUTES****RESOLVED**

That the Minutes of the meeting held on 5 April 2016, are approved as a correct record.

AC.004**PUBLIC QUESTION TIME**

None received.

AC.005 **WORK PROGRAMME**

Members discussed the Committee's work programme for 2016/17. It was agreed to change the date of the next meeting to 22 September 2016. The Chair advised that an informal meeting with Internal Audit would take place later in the year and some items could be carried over to 2017/18.

Darren Gilbert advised the Committee that in respect of the Audit Letter there was no significant matter to report and the Audit Fee Letter set out the programme for the next audit and the fees.

Darren Gilbert responded to questions from members about the Housing Revenue Account and the setting of the 'materiality threshold' which was set at £1.5m on a basis of 1%-2% of gross revenue expenditure.

RESOLVED **To agree the work programme with a revised date of 22 September for the next meeting of the Committee.**

AC.006 **HEAD OF AUDIT RISK ASSURANCE ANNUAL REPORT 2015/16**

The Group Manager, Audit Risk and Assurance presented Members with a brief overview of Internal Audit work, compliance with Council policies and general probity issues for the financial year ending 31 March 2016, also providing an opinion on the overall adequacy and effectiveness of the organisation's control environment, comprising risk management, control and governance.

In response to questions the Head of Audit Risk and Assurance confirmed that with the new shared service more resources would be dedicated to fraud investigation work. Members noted the low level of feedback forms returned to audit. Officers advised that a new reporting system was being introduced which would make it easier for managers and service heads to respond.

RESOLVED **To endorse the assurance from the Head of Audit Risk Assurance that a satisfactory level of assurance can be given, that there is a generally sound system of internal control in place at the Council (designed to meet the Council's objectives).**

AC.007 **INTERNAL AUDIT PLAN MONITORING REPORT 2015/16**

The Group Manager, Audit Risk and Assurance presented the above report which detailed the results of the audits completed as part of the agreed 2015/16 Internal Audit Plan. The report identified that further work had been undertaken to meet the requirements of the Local Government Transparency Code 2015.

Appendix A to the report identified the assurance levels given against Benefits, Creditors and Debtors and noted that the recommendations had been taken on by managers.

Appendix B identified those areas where audits had been undertaken and recommendations had not been actioned by the required date and further identified the revised dates for completion. In response to questions Members accepted the reasons why some recommendations had not been implemented on time. It was suggested that future reports should contain a clear explanations why some things hadn't been completed.

In respect of the issue of cash reconciliation it was recommended that an audit should be undertaken in 2017/18 across the whole Council.

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

AC.008 **INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)**

The Head of Audit Risk and Assurance presented the report which gave an introduction into the Internal Audit QAIP as required by the Public Sector Internal Audit Standards (PSIAS) 2013.

RESOLVED **That Audit and Standards Committee reviews and considers the Internal Audit QAIP (which includes both internal and external assessments and reporting arrangements) and formally approves its adoption.**

AC.009 **DRAFT ANNUAL GOVERNANCE STATEMENT (AGS) 2015/16**

The Accountancy Manager presented the report which summarised the District Council's Corporate Governance arrangements in place during 2015/2016, via the publication of an AGS which is in accordance with the requirements of the Local Government Act 1999, the Accounts and Audit Regulations 2015 and the CIPFA/SOLACE guidance – Delivering Good Governance in Local Government 2007 (Addendum 2012).

RESOLVED **That the AGS 2015/16 (including the actions planned by the Council to further enhance good governance arrangements), as set out in Appendix A, be approved.**

AC.010 **HRA BALANCES INTERNAL AUDIT REVIEW**

The Head of Audit Risk Assurance presented a verbal report. It was reported that at the request of the Chief Executive, the Internal Audit shared service completed a review of the HRA balances reported to Members between 2014/15 and 2015/16.

The investigation was undertaken in May and June 2016 with a report circulated to Members of the Strategy and Resources and Audit and Standards Committees on 15 June 2016. The investigation confirmed that there was no fraud or irregularity; however the reported HRA balances had been overstated by £909,000. The overstatement had impacted on the HRA budget and business plan for 2016/17 and subsequent years.

The investigation raised eight recommendations to improve the controls surrounding the budget and outturn reporting to Members. It was reported that Internal Audit would complete follow up reviews on the implementation of the HRA balances investigation. The budget monitoring review has been brought forward and will commence on 17 October 2016.

The Chief Executive Officer advised Members that work was being undertaken to consider the options to bring the future plans into line with the resources available. A report would be presented to the Housing Committee and to Strategy and Resources Committee.

RESOLVED **To accept the report.**

AC.011 **MEMBERS' QUESTIONS**

There were none.

The meeting closed at 8.50 pm.

Chair