

## AUDIT AND STANDARDS COMMITTEE

# 3

28 January 2014

7.00 pm – 9.00 pm

Council Chamber, Ebley Mill, Stroud

### Minutes

#### Membership

|                                |   |  |   |
|--------------------------------|---|--|---|
| <b>Councillor Molly Cato *</b> | P | <b>Councillor Nigel Studdert-Kennedy**</b> | P |
| Councillor Dennis Andrewartha  | P | Councillor Keith Pearson                   | P |
| Councillor Chris Brine         | P | Councillor Roger Sanders                   | A |
| Councillor Paul Carter         | P | Councillor Rhiannon Wigzell                | P |
| Councillor Paul Denney         | A |  |   |

\* Chair

\*\* Vice-Chair

P = Present

A = Absent

#### Officers in attendance

Chief Executive

Strategic Head of Finance &  
Business Services

Internal Audit Manager

Strategic Head of Tenant Services

Facilities and Civil Contingencies  
Manager

Senior Accounting Officer

Principal Accountant

Democratic Services Assistant

#### Others in attendance

Matthew Arthur, Manager, of KPMG, (the Council's external auditors).

#### AC.038

#### APOLOGIES

An apology for absence was received from Councillor Paul Denney.

#### AC.039

#### DECLARATIONS OF INTEREST

There were none.

**AC.040            MINUTES**

**RESOLVED**        **That the Minutes of the meeting of the Audit and Standards Committee held on 5 November 2013, are approved as a correct record and signed by the Chair.**

**AC.041            PUBLIC QUESTION TIME**

There were none.

**AC.042            ANNUAL SUMMARY OF CERTIFICATION OF GRANTS AND RETURNS 2012/13**

Matthew Arthur presented the headlines for the above report which summarised the results of the work undertaken on the certification of the Council's 2012/13 grant claims and returns. For 2012/13, KPMG had certified one grant with a total value of £31.9m and two returns with a total value of £25.7m. Details of the certification results, adjustments, recommendations to the Council for improvement and Audit Commission fees, were set out within the report.

There had been a question in the audit in respect of the reconciliation process. As a result of changes demanded by the Department of Work and Pensions, the Council were required to purchase additional software to satisfy the new requirements.

**RESOLVED**        **To note the Report**

**AC.043            INTERNAL AUDIT PLAN MONITORING REPORT**

The Internal Audit Manager presented the above report, informing the Committee of the audits completed as part of the 2013/14 Internal Audit Plan. The Internal Audit Manager updated the Committee on the performance information which was that 88% of planned audits would be completed at the end of January 2014.

Areas for improvement in respect of the Treasury Management Policy, identified through the audit, had been implemented. The Internal Audit Manager explained the concerns in respect of the procurement process for the Caretaking and Security Services Contract. Members were informed that the required improvements had been discussed with the appropriate manager and that detailed procurement guidance and a comprehensive workflow chart was available on the Hub for officers to use.

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

**AC.044            THIRD QUARTER TREASURY MANAGEMENT ACTIVITY REPORT 2013/14**

The Principal Accountant presented the Committee with an update on the third quarter treasury management activity as at 31 December 2013. It was highlighted

that the Council had operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

The total interest of £238,000 at the end of the third quarter indicated that the Council was likely to exceed the annual budgeted figure of £275,000. The Council's average daily investment was £22m.

Members were informed that the Council had questioned the rating given by Capita for its investment with Barclays. Capita acknowledged that its methodology had produced a flaw in the assessment. The process had subsequently been refined.

The Strategic Head (Finance and Business Services) provided an update on the returns from the Icelandic Banks investment.

**RESOLVED**            **To approve the Treasury Management activity third quarter report for 2013/14.**

**AC.045**                **TREASURY MANAGEMENT STRATEGY STATEMENT, ANNUAL INVESTMENT STRATEGY AND MRP POLICY STATEMENT 2014/15**

The Principal Accountant presented the above report outlining the Council's prudential indicators for 2014/15-2016/17, together with the treasury strategy for this period. Reference was made to the three reports it fulfilled as required by the Local Government Act 2003 and the statutory duty to approve a minimum revenue policy statement for 2014/15.

Members requested that future reports should contain a note to explain the reasons for the level of borrowing in relation to the Housing Revenue Account.

Members noted the high level of returns on investment achieved by the Team and congratulated them on their achievements.

**RECOMMENDED TO COUNCIL**

- 1. To adopt the prudential indicators and limits for 2014/15 to 2016/17;**
- 2. To approve the treasury management strategy 2014/15, and the treasury prudential indicators;**
- 3. To approve the investment strategy 2014/15, and the detailed criteria for specified and non-specified investments; and**
- 4. To approve the Minimum Revenue Policy Statement 2014/15.**

**AC.046**                    **RISK MANAGEMENT UPDATE**

The Strategic Head (Finance and Business Services) presented the report and risk register at Appendix A, which represented the key risks facing the Council and sought Committee consideration and approval. It was the first time that the Register had been presented to the Committee in this format. Members were informed that the Corporate Team regularly monitored the Risk Register. It was reported that the actions required to mitigate the identified risks were outlined on the Council's Excelsis Performance Management System.

Members asked whether risks for Service Areas could be reported to the relevant Committees. It was suggested that this could be built into the existing reports presented to committees.

**RESOLVED**            **To agree that the Risk Register set out in Appendix A is representative of the key risks facing the Council.**

**AC.047**                    **AUDIT AND STANDARDS COMMITTEE WORK PROGRAMME 2013/14**

The Chair drew the Committee's attention to the work programme. The Annual Report on Fraud Activity would be presented to the June meeting of the Committee.

**RESOLVED**            **To note the Audit and Standards Committee Work Programme.**

**AC.048**                    **MEMBERS' QUESTIONS**

There were none.

The meeting closed at 9.00 pm.

**Chair**