

**STROUD DISTRICT COUNCIL**  
**AUDIT AND STANDARDS COMMITTEE**

**AGENDA  
ITEM NO**

**26 JULY 2018**

**9**

<b>Report Title</b>	<b>LIMITED ASSURANCE REPORT – CAPITAL PROGRAMME</b>
<b>Purpose of Report</b>	To highlight the progress made by management in implementing the recommendations raised by Internal Audit following its 2017-18 review of the internal control environment in respect of the Capital Programme.
<b>Decision(s)</b>	<b>Audit and Standards Committee is asked to consider and note the progress made against implementation of the audit recommendations.</b>
<b>Consultation and Feedback</b>	Internal Audit
<b>Financial Implications and Risk Assessment</b>	There are no financial implications arising directly from this report.  David Stanley – Accountancy Manager (s151 Officer) Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a>
<b>Legal Implications</b>	None (Ref: KT/rd127d137)
<b>Report Author</b>	David Stanley – Accountancy Manager (s151 Officer) Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a>
<b>Options</b>	There are no alternative options that are relevant to this matter.
<b>Performance Management Follow Up</b>	Management progress in implementing Internal Audit recommendations during 2018-19 with the results reported to the Audit and Standards Committee.

**1.0 Background**

- 1.1 The Internal Audit Progress Report presented to Audit and Standards Committee in April 2018 included the findings from the Capital Programme audit review, which resulted in three recommendations and a Limited assurance opinion concerning risk identification.
- 1.2 This report provides members of the committee with an update as to the progress against the agreed management actions in response to the three recommendations.

## **2.0 Management Actions to date**

### **Recommendation 1**

The Council should introduce the best practice processes and controls for the capital programme governance framework as published by CIPFA in its Capital Strategies and Programming (2014) guidance (see Appendix A).

#### *Management Response*

A Capital Strategy will be produced in light of the revised guidance from DLCCG and CIPFA, taking into account the revised requirements. The Capital Strategy will be presented to Strategy and Resources committee and Council for approval, and included in the revised Treasury Management Strategy.

#### *Person Responsible*

David Stanley – Accountancy Manager, Graham Bailey – Principal Accountant

#### *Completion Date*

July 2018

### **Update**

Members of the administration are currently reviewing the capital programme and have indicated that they would like member involvement and discussion around the Council's Capital Strategy. It is likely that this will not be completed until the autumn, with the final version of the Capital Strategy being presented to Strategy and Resources Committee and Council in January 2019. Whilst this is a high priority recommendation, it is the view of the Accountancy Manager that a revised completion date of January 2019 is more appropriate.

### **Recommendation 2**

Fully develop and finalise the Council's Investment Strategy and five year Maintenance Plan (2017-2022) in order to support the Corporate Asset Management Strategy. In addition the Council's Capital Strategy should be documented and subject to appropriate formal approval.

#### *Management Response*

A Capital Strategy, as outlined in the management response to recommendation 1, will be prepared that will incorporate the revised guidance concerning asset management planning, maintenance requirements, planned disposals, acquisitions, investment strategy, and the cost of past and future borrowing. In consultation with other officers, the Council's Corporate Asset Management Strategy, Investment Strategy and Maintenance Plan will be reviewed and revised accordingly.

*Person Responsible*

David Stanley – Accountancy Manager, Graham Bailey – Principal Accountant

*Completion Date*

July 2018

**Update**

In line with the update to recommendation 1, it is the view of the Accountancy Manager that a revised completion date of January 2019 is more appropriate

**Recommendation 3**

To support the implementation of capital strategies and programming best practice and in accordance with Financial Regulations the Acting Section 151 Officer should document and publish guidance on the process for capital schemes and the controls, to also include template documents for the submission of capital bids.

*Management Response*

A Capital Strategy, as outlined in the management response to recommendation 1, will be prepared that will incorporate guidance to officers on the process for capital schemes. The Financial Regulations will also be revised to reflect the adoption of the Council's Capital Strategy

*Person Responsible*

David Stanley – Accountancy Manager, Graham Bailey – Principal Accountant

*Completion Date*

September 2018 (post adoption of Capital Strategy by Council)

**Update**

In line with the update to recommendation 1, it is the view of the Accountancy Manager that a revised completion date of March 2019 is more appropriate (so ready for 2019/20 FY).