

## AUDIT AND STANDARDS COMMITTEE

26 July 2018

5.00 pm – 8.12 pm

Council Chamber, Ebley Mill, Stroud

### Minutes

#### Membership

Councillor Nigel Studdert-Kennedy (Chair)	P	Councillor Simon Pickering	P
Councillor Skeena Rathor (Vice-Chair)	P	Councillor Mark Reeves	P
Councillor Rachel Curley	P	Councillor Tom Williams	P
Councillor Stephen Davies	A	Councillor Penny Wride	P
Councillor Keith Pearson	P		

A = Absent P = Present

#### Other Councillor present

Councillor Cooper

#### Officers in attendance

Accountancy Manager	Finance Manager and Section 151 Officer
Head of Audit, Risk and Assurance Shared Service (ARA)	Principal Accountant
Head of Legal Services and Monitoring Officer	Democratic Services Officer

#### Others present

Ian Pennington, KPMG

#### **AC.001**

#### **APOLOGIES**

An apology for absence had been received from Councillor Davies.

#### **AC.002**

#### **DECLARATIONS OF INTEREST**

There were none.

#### **AC.003**

#### **MINUTES**

**RESOLVED** That the Minutes of the meeting held on 10 April 2018, are approved as a correct record.

#### **AC.004**

#### **PUBLIC QUESTION TIME**

There were none.

**AC.005**            **STANDING ITEMS**

- (a) Work Programme
- Multi Service Contract – Councillor Pickering stated that it would be useful if the audit report could also go to Environment Committee and the Waste Task and Finish Group (queries regarding when the decision on the price for the contract and some of the changes had not been reported to Committee).
  - Constitution Working Group – Councillor Pearson suggested that they look at the way that Committees report and more joined up thinking.
  - Letting of properties, (particularly commercial properties) not all are on the website, in accordance with Government Guidelines.
- (b) Risk Management – the Risk Register and excelsis had been reviewed by Corporate Team the day prior to Committee. Another meeting would be arranged with Corporate Team in the autumn. Corporate Team had asked that queries are raised prior to the meeting so that they can be addressed.
- (c) Task and Finish Group (Ethical Audit) – the Head of Legal Services gave a verbal update. A member event is planned for 27 September 2018 at 4.00 pm. The aim is that everyone is working to the same standards.

**AC.006**            **ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITY AND ACTUAL PRUDENTIAL INDICATORS 2017-18**

The Principal Accountant outlined the above report and appendices. A half yearly update will be presented at the next Committee. Training for members will be arranged for October/November 2018.

**RESOLVED**    **To approve the treasury management activity annual report for 2017/2018 and the actual Prudential Indicators.**

**AC.007**            **1<sup>ST</sup> QUARTER TREASURY MANAGEMENT ACTIVITY REPORT 2018/19**

The Principal Accountant provided an update on the treasury management activity as at 30 June 2018.

**RESOLVED**    **To approve the treasury management activity first quarter report for 2018/2019.**

**AC.008**            **ANNUAL REPORT ON INTERNAL AUDIT ACTIVITY 2017/18**

The Head of Audit Risk Assurance (Chief Internal Auditor) presented the above report highlighting various issues. The Directors have taken ownership of the problems with IT. It was agreed that Internal Audit would monitor the progress made with implementing the agreed recommendations resulting from the Socitm review, as part of the 2018/2019 internal audit plan.

**RESOLVED**    **a. To assess, from the findings set out in this Internal Audit Annual Report, whether it can take reasonable assurance that the internal control environment, comprising risk management, control and governance is operating effectively; and**

- b. To note that the performance of Internal Audit meets the required standards.**

**AC.009                    LIMITED ASSURANCE REPORTS MANAGEMENT UPDATES**

Capital Programme: The Accountancy Manager highlighted the progress made by management in implementing the recommendations raised by Internal Audit following its 2017-18 review. The Capital Programme will be presented to Strategy and Resources Committee on 17 January 2019 with a recommendation to Council on 24 January 2019. There is a need for wider discussions and member involvement to take place. It is mandatory for this work to be completed by April 2019.

Councillor Curley was not entirely comfortable with the delay but was assured that Committee would receive regular updates.

The Pulse – management had provided assurance that the recommendations had been acted upon, however internal audit will undertake a follow up review and report the key findings back to the January 2019 Committee.

Post Project Reviews – recommendations that had been made had not been accepted by management. Members raised their concerns.

Councillor Pearson proposed an amendment to the decision box by adding the words “the lack of” prior to the word “progress”. This amendment was supported by Committee.

**RESOLVED    To consider and note the lack of progress made against implementation of the audit recommendations.**

The meeting adjourned at 6.30 pm and reconvened at 6.56 pm.

**AC.010                    INTERNAL AUDIT/EXTERNAL AUDIT WORKING PROTOCOL**

The Head of Audit Risk Assurance (Chief Internal Auditor) presented the above report and confirmed the aim was to co-ordinate activities with no duplication of work.

**RESOLVED    That the Internal Audit/External Audit Working Protocol as set out in Appendix A be approved.**

**AC.011                    DRAFT ANNUAL GOVERNANCE STATEMENT (AGS) 2017/18**

The Head of Audit Risk Assurance (Chief Internal Auditor) presented the above report and drew attention to page 135, the Council wide assurance map. Officers are being encouraged to have a procurement plan in place and to plan ahead. The key was how risks are managed. Committee were concerned that actions were not being taken quickly enough and sought assurances from the Chief Executive and Directors that risks would be managed.

**RESOLVED    That the AGS 2017/18 (including the actions planned by the Council to further enhance good governance arrangements), as set out in Appendix A, be approved.**

**AC.012**      **EXTERNAL AUDIT REPORT 2017/18**

Ian Pennington, Director from KPMG outlined the key findings in relation to the external audit undertaken on the Council's significant risks. Property values were used from December, rather than October. The Multi Services Contract had overspends, responses were initially slow from officers to internal audit but issues had been addressed. The food collection and recycling rates were both significantly higher than expected.

**RESOLVED**      **The External Audit ISA260 Report 2017/18 from the Council's external auditors, KPMG was considered and accepted.**

**AC.013**      **STATEMENT OF ACCOUNTS 2017/18**

The Accountancy Manager presented the above report which highlighted changes up to 31 May 2018. He confirmed that the Council did not provide a loan for Merrywalks. The focus had been on the key financial performance. He also highlighted various notes contained within the report.

The Principal Accountant requested that the Chair of Committee and the Accountancy Manager signed the representation letter for KPMG at the close of the meeting. He highlighted note 47. Prior Period Adjustment, (page 132 of 154) regarding assets under construction which required figures from last year to be adjusted by £4.3m.

**RESOLVED**      **To approve the audited Statement of Accounts for the year ending 31 March 2018.**

**AC.014**      **MEMBERS' QUESTIONS**

There were none.

The meeting closed at 8.12 pm.

Chair