

STEVENAGE BOROUGH COUNCIL**AUDIT COMMITTEE
MINUTES****Date: Tuesday 1 September 2015****Time: 6.00 p.m.****Place: Shimkent Room, Daneshill House, Danestrete, Stevenage**

Present: Councillors: M McKay (Chair), J Gardner (Vice-Chair),
R Broom, L Chester, J Lloyd CC and A McGuinness.

Also Present: T Barnett and J Kidd (Shared Internal Audit Service) and
N Jennings (Shared Anti-Fraud Service).

Started: 6.00 p.m.

Ended: 7.20 p.m.

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors D Cullen and G Lawrence and Independent Member B Mitchell.

There were no declarations of interest.

Nick Jennings was introduced to the Committee as the Counter Fraud Manager with the Shared Anti-Fraud Service.

2. MINUTES – AUDIT COMMITTEE – 10 JUNE 2015

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 10 June 2015 be approved as a correct record and signed by the Chair.

3. ANNUAL FRAUD REPORT 2014/2015 AND PROGRESS REPORT ON THE SHARED ANTI-FRAUD SERVICE (SAFS)

The Counter Fraud Manager introduced the report and outlined the background of the service and its priorities, which would include tackling Business Rate Fraud, for the coming year.

The Committee was advised that SAFS would pilot a project into Tenancy and Housing Stock Fraud in 2015/2016 to determine its worth for inclusion into the Business Plan on an ongoing basis.

Members then asked a number of detailed questions about the report, which included funding arrangements for SAFS, whistleblowing, allocations of recovered funds and methods of reporting suspected fraud which were answered by the Officer.

It was **RESOLVED**:

1. That the Annual Fraud Report for 2014/2105 be noted.
2. That progress to deliver the new shared fraud service be noted.

4. SHARED INTERNAL AUDIT SERVICE ANNUAL REPORT 2014/2015

The Committee had before it the Shared Internal Audit Service (SIAS) Annual Report for 2014/2105.

In reply to a question the Committee was advised that options for dealing with any net surpluses would be considered at the end of year 2016/2017. Current options included reducing rates or issuing refunds to partners.

It was **RESOLVED** that the report be noted.

5. INTERNAL AUDIT PROGRESS REPORT

The Committee considered the Internal Audit Progress Report as at 20 August 2015.

Members were informed of a typographical error in Appendix A to the report. The heading should read '2015/2016 SIAS Audit Plan' and not '2014/2105 SIAS Audit Plan' as stated.

The Committee was advised that there were no major concerns about progress against the project targets.

In reply to a question the Committee was advised that final reports with high priority recommendations would be presented to them as a matter of course with other reports available on request.

It was **RESOLVED** that the report be noted.

6. ANNUAL TREASURY MANAGEMENT REVIEW OF 2014/2015.

The Assistant Director (Finance) presented the Annual Treasury Review of 2014/2015.

Members expressed some concerns at the level of the Council's cash balances. In reply the Committee was advised that there were two main reasons for the current level of reserves. Firstly, money was being held against future known spend requirements and secondly, it was becoming increasingly difficult for the Council to place money in short term accounts to achieve a good return. There was a reluctance to move into longer term investments should interest rates increase in the meantime, especially given the Council's low risk approach to investment.

It was acknowledged that the recent Government announcement concerning rent capping would impact on the Housing Revenue Account.

In reply to a question concerning interest rates paid on the Council's borrowing, the Committee was advised that it was currently impossible to better the rates obtained when the loans were first taken.

The Committee did not wish to forward any comments on the report to the Executive and Council for consideration.

It was **RESOLVED** that Council be recommended to approve the 2014/2015 Annual Treasury Management Review.

7. CHANGES TO CONTRACT STANDING ORDERS

This report had not been circulated to Members of the Audit Committee or been available for public inspection with five clear days' notice however given the reasons for urgency quoted in the report the Chair agreed that the report be considered on this occasion.

The Committee was advised that the Contract Standing Orders had been updated to reflect changes in the Senior Management Team and Council procedures.

It was **RESOLVED** that the revised Contract Standing Orders be recommended to Council for approval.

8. CHANGES TO FINANCIAL REGULATIONS

This report had not been circulated to Members of the Audit Committee or been available for public inspection with five clear days' notice however given the reasons for urgency quoted in the report the Chair agreed that the report be considered on this occasion.

The Committee was advised that the revised Financial Regulations clarified delegation levels for Officers and included a process flow chart to further aid understanding.

In reply to a Member request the Assistant Director (Finance) undertook to monitor and summarise for the Audit Committee all contracts not being authorised by the Executive as a result of the revised approval levels.

It was **RESOLVED** that the revised Financial Regulations be recommended to Council for approval.

9. URGENT PART 1 BUSINESS.

None.

10. EXCLUSION OF THE PRESS AND PUBLIC

It was **RESOLVED:**

1. That under Section 100 (A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as described in paragraphs 1-7 of Part I of Schedule 12A of the Act, as amended by SI 2006 No.88.
2. That having considered the reasons for the following item being in Part II it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

PART II

11. STRATEGIC RISK REGISTER QUARTER 1 – 2015/2016

The Committee received the Strategic Risk Register for Quarter 1.

The Committee was advised that Appendix 6 to the report had been produced to quantify the changes to Risk Impact Prioritisation. The Assistant Director (Finance) undertook to update Appendix 3 to the report to reflect those changes for the Quarter 2 report.

It was **RESOLVED:**

1. That the Strategic Risk Register Quarter 1 2015/16 (Appendices A1 – A6) be noted
2. That developments on risk management issues as outlined in paragraph 4.2 of the report be noted.

12. URGENT PART II BUSINESS

None.

Chair