

**STEVENAGE BOROUGH COUNCIL****AUDIT COMMITTEE  
MINUTES****Date: Wednesday 3 September 2014****Time: 6.00 p.m.****Place: Shimkent Room, Daneshill House, Danestrete, Stevenage**

**Present:** Councillors: L Chester (Chair), J Gardner (Vice-Chair), P Bibby, J Hollywell, A McGuinness, M McKay and Resources Portfolio Holder Mrs J Lloyd.

**Also Present:** S-A Pearcey (Shared Internal Audit 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 Councillor D Cullen and Independent Member Mr B Mitchell.

There were no declarations of interest.

**2. MINUTES – AUDIT COMMITTEE – 12 JUNE 2014**

The Assistant Director Finance advised the Committee that the report on the allocation of capital resources (Item 4 in the minutes) would be covered in part by the Treasury Management report at Item 6 on the agenda and that a full report would be presented to the next meeting of the Committee on 11 November.

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 12 June 2014 be approved as a correct record and signed by the Chair.

**3. ANNUAL ANTI-FRAUD REPORT**

The Committee had before it a report which provided a summary of the anti-fraud work carried out during 2013/14.

In reply to a question concerning the number of withdrawn applications for Single Persons Discount (SPD) the Committee was advised that the rate of withdrawal in Stevenage was consistent with other authorities in the county. The Committee was further advised that the review of SPDs was carried out as a joint initiative with the County Council as part of the National Fraud Initiative review.

With regard to Housing Benefit overpayments the Committee was advised that the recovery of overpayments was a lengthy process and that bad debt provision ran at about 75-80%.

The Committee was further advised that overpayments arose because of a number of factors including fraud, timing issues and DWP errors; however the process was monitored through Revenues and Benefits governance, audits and multi-agency taskforcing.

In reply to a question concerning fraudulent claims made during 2012/13 the Assistant Director Finance undertook to provide a breakdown of the amounts recovered.

In reply to a further question concerning the number of successful prosecutions and the amount recovered through the courts the Committee was advised that looking at individual years in isolation could be misleading as many of the cases covered many years.

It was **RESOLVED** that the Annual Anti-Fraud Report for 2013/14 be noted.

#### **4. SHARED INTERNAL AUDIT SERVICE (SIAS) ANNUAL REPORT.**

The Committee had before it the Shared Internal Audit Service (SIAS) Annual report for the year 2013/2104.

The Committee was advised that SIAS had been operation for three years and 2013/2014 had been the first year when all of its targets had been met. In addition SIAS was now working to the Public Sector Internal Audit Standards and it was considered that the service was well placed for future challenges.

In reply to a question concerning the target for income recovered the Committee was advised that it was the aim the SIAS would become self-funding. A Member then requested that a report be made of the percentage of costs recovered. The Audit Manager undertook to pass this request to the Head of Assurance.

In reply to a further question it was confirmed that all targets set for the Council had been met and that the anticipated savings for the Council had been achieved.

As an improvement opportunity for future years it requested that the size of the graphs in the Annual Report be increased.

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

## 5. INTERNAL AUDIT PROGRESS REPORT

The Committee received an update to the Internal Audit Progress Report as of 22 August 2014.

The Committee was advised that recommendations identified in the report had been actioned.

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

## 6. ANNUAL TREASURY MANAGEMENT REVIEW OF 2013/2014 AND MID YEAR REVIEW REPORT FOR 2014/2015.

The Assistant Director Finance presented a report which reviewed the operation of the 2013/14 Treasury Management and Investment Strategy and which sought approval for updates to the 2014/15 Treasury Management and Investment Strategy.

The Committee was advised that the Council's average cash balances had increased to the level whereby investments were being made with the Government's Debt Management Organisation. Although essentially risk free the interest rates payable were very low, hence the requirement to raise investment limits with the Council's counterparties.

In reply to a question concerning the risk associated with the raising of these limits the Committee was advised that the risk was essentially about placing money in low interest overnight accounts and the opportunity cost of being unable to access higher rate accounts. Counterparties would only be considered if they had an AAA or AA+ rating.

In response to a further question the Assistant Director Finance advised the Committee that it was difficult to quantify the levels of lost interest and that a major consideration was that the Council did not wish to be over exposed to any one financial institution.

In reply to a question it was confirmed that raising the counterparty limit to £7 million would be sufficient for the Council's needs.

In reply to a question concerning actions to be taken should cash balances fall below £30 million the Committee was advised that investments would be called back equally across the Council's portfolio. Weekly meetings were held to review the situation.

It was **RESOLVED** that:

1. That Council be recommended to approve the 2013/14 Annual Treasury Management Review and 2014/15 Mid-Year Review and the prudential and treasury indicators in the report.

2. That Council be recommended to approve the changes to the treasury limits (as detailed in paragraph 4.8.2 of the report).
3. That Council be recommended to approve the change to the operational borrowing limit for the General Fund and hence the change to the authorised limit (as detailed in paragraph 4.8.5 of the report).

**7. URGENT PART 1 BUSINESS.**

None.

**8. 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 items of business on the grounds that they 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**

**9. STRATEGIC RISK REGISTER – QUARTER 1 2014/2015.**

The Committee had before it the Strategic Risk Register for Quarter 1 of 2014/2015.

In response to a question it was confirmed that the decisions taken at the Special Meeting of Council on 28 August would be input to the Quarter 2 Strategic Risk Register Report.

It was **RESOLVED:**

1. That the Strategic Risk Register Quarter 1 2014/2015 (Appendices A1-A5) be noted.
2. That developments on risk management issues (as outlined in paragraph 4.2 of the report) be noted.

**10. URGENT PART II BUSINESS**

None.