

COTSWOLD DISTRICT COUNCIL

AUDIT COMMITTEE

30<sup>TH</sup> JUNE 2015

Present:

Councillor BS Dare - Chairman

Councillors -

T Cheung LR Wilkins  
R Theodoulou

Substitutes:

Mrs. JC Forde

Observers:

SI Andrews AW Berry  
Miss AML Beccle

Apologies:

PCB Coleman

AUD.4 SUBSTITUTION ARRANGEMENTS

Councillor Mrs. JC Forde substituted for Councillor PCB Coleman.

AUD.5 DECLARATIONS OF INTEREST

There were no declarations of interest.

AUD.6 MINUTES

**RESOLVED that:**

**(a) the Minutes of the Meeting of the Audit and Scrutiny Committee held on 28<sup>th</sup> April 2015 be received;**

**(b) the Minutes of the Meeting of the Committee held on 19<sup>th</sup> May 2015 be approved as a correct record.**

**Record of Voting - for 4, against 0, abstentions 1, absent 0.**

AUD.7 CHAIRMAN'S ANNOUNCEMENTS

There were no announcements from the Chairman.

AUD.8 PUBLIC QUESTIONS

No public questions had been received.

AUD.9 MEMBER QUESTIONS

No questions had been received from Members.

AUD.10 ANNUAL INTERNAL AUDIT OPINION 2014/15

The Committee was requested to consider and comment on the Annual Internal Audit Opinion 2014/15.

The Head of Audit Cotswolds amplified various aspects of the report, including in relation to compliance; quality assurance arrangements and performance; effectiveness; and his opinion of the effectiveness of the system of internal control for the financial year 2014/15. The overall opinion was a 'satisfactory' assurance in respect of the system of internal control and the Head of Audit Cotswolds apprised the Committee of the basis for that opinion; an area where he had felt able to only give a 'limited' assurance; and an area showing a significant change in governance which, he considered, warranted further detail in the circulated report. The Head of Audit Cotswolds concluded by drawing attention to a summary of Internal Audit activities and the assurances gained.

In response to various questions from Members, it was reported that monitoring would be carried out over the next six months to ensure that the recommendations made in respect of social media had been triggered and/or implemented; the purpose of the social media audit had been to ensure that social media was not being used to imply the Council's stance in respect of a particular 'feed'; there was cross-County co-operation in relation to corporate fraud issues; and the internal audit of off-street parking enforcement had revealed that the controls were working and were compliant, with risks being managed, and 'appropriate' mitigation; and that the processes for receipt of cash had been reviewed when the latest contract had been let.

**RESOLVED that the report be noted.**

**Record of Voting - for 5, against 0, abstentions 0, absent 0.**

AUD.11 ANNUAL GOVERNANCE STATEMENT 2014/15

The Committee considered a report detailing the draft Annual Governance Statement, and Officers amplified various details, including in relation to the scope and purpose of the Statement; the governance framework; effectiveness; and significant governance issues during 2014/15.

In response to various questions from Members, it was reported that Service Managers determined how best to measure satisfaction in respect of individual service areas; Front of House staff monitored complaints and compliments, with the latter being reported to Corporate Team on an exceptions basis; there was a procedure for dealing with complaints, which could be escalated to Ombudsman level; and the Local Government Ombudsman submitted annual reports on the number of complaints against the Council which had been investigated.

**RESOLVED that the Annual Governance Statement be approved for inclusion in the pre-audit Statement of Accounts.**

**Record of Voting - for 5, against 0, abstentions 0, absent 0.**AUD.12 STATEMENT OF ACCOUNTS 2014/15

The Committee considered a report detailing progress on the preparation of the Statement of Accounts 2014/15.

The Chief Finance Officer apprised the Committee of changes to the procedures for the preparation of future Statements of Accounts. The Chief Finance Officer explained how the Government's changes to the Business Rates regime and the Council's previous decision to join the Gloucestershire Business Rates Pool had resulted in a deficit on that account, and the future options available to the Council. It was noted that such deficits were not considered to be 'insurable' risks and the Chief Finance Officer expressed the view that satisfactory adequate provision had been made for mitigating against risks prior to the decision to join the Pool being made. The Chief Finance Officer also amplified aspects relating to the Comprehensive Income and Expenditure Statement; Movement in Reserves Statement; and Balance Sheet.

It was noted that there had been a significant uplift in total usable reserves, due to the disposal in 2014/15 of a number of capital assets held by the Council. A similar significant uplift in unusable reserves had occurred as a result of the re-evaluation of the Council's car parks, and the granting of planning permission for a site owned by the Council at Bourton-on-the-Water had contributed to an increase in the value of assets held for sale. In response to various questions from Members, Officers apprised the Committee of the process for determining the sale of assets held by the Council; the impact of disposing of investment properties; and the impact of the outsourcing of the Council's Leisure and Cultural Services on income and expenditure.

**RESOLVED that:**

**(a) the key financial statements extract from the draft Statement of Accounts 2014/15 be noted;**

**(b) any questions, issues or concerns relating to the draft Statement of Accounts 2014/15 be notified to the Chief Finance Officer by no later than 21<sup>st</sup> August 2015.**

**Record of Voting - for 5, against 0, abstentions 0, absent 0.**Note

Copies of the draft Statement of Accounts, and a Grant Thornton publication 'A Guide to Local Authority Accounts', were circulated to Members of the Committee at the Meeting.

AUD.13 ANNUAL TREASURY MANAGEMENT REVIEW 2014/15 INCLUDING PERFORMANCE AGAINST PRUDENTIAL INDICATORS

The Committee was requested to consider a report detailing the Annual Treasury Management Review for 2014/15, together with performance against the Prudential Indicators, and the Head of GO Shared Services (GOSS) amplified details thereon.

It was noted that the Council had achieved a surplus in a sum of £9,293 on investment interest; and a surplus in a sum of £128,929 in respect of interest from long-term loans and finance leases, income from the Local Authority Mortgage Scheme (LAMS), and Ubico Ltd. finance leases. The Head of GOSS reminded the Committee that the Council still had an investment held in an escrow account with the Icelandic Bank, Glitnir, which continued to earn interest, and outlined a proposal for the repatriation of that investment. It was reported that the Cabinet would be requested to consider provision in a sum of £150,000 in the 2014/15 accounts to cover potential exchange rate losses, taxation or discounted costs relating to the retrieval of that investment at the earliest opportunity, and the Committee expressed support for the suggested approach.

In response to various questions from Members, it was reported that a sum of £1m had been allocated to the LAMS; to date, six deals had been completed in that respect; and the risk to the Council related to default following the take-up of mortgages under the scheme.

**RESOLVED that the Annual Treasury Management Review 2014/15 and the associated updated Prudential Indicators, be noted and the Committee's comments thereon be forwarded to the Council.**

**Record of Voting - for 5, against 0, abstentions 0, absent 0.**

AUD.14 GRANT THORNTON UPDATE

The Chairman introduced Ms J Masci, the Senior Manager at Grant Thornton, the Council's external auditor, and welcomed her to the Meeting.

The Committee considered a report detailing progress to date in respect of Grant Thornton's work programme and Ms Masci amplified aspects of that report relating to progress to date; the value for money conclusion; and emerging issues and developments.

**RESOLVED that the report be noted.**

**Record of Voting - for 5, against 0, abstentions 0, absent 0.**

AUD.15 WORK PLAN 2015/16

Consideration of this item was deferred until the next Meeting of the Committee.

AUD.16 START TIME FOR FUTURE MEETINGS

**RESOLVED that the start time for future Meetings of this Committee be 10.00 a.m.**

**Record of Voting - for 5, against 0, abstentions 0, absent 0.**

AUD.17 OTHER BUSINESS

There was no other business that was urgent.

The Meeting commenced at 11.05 a.m. and closed at 12.16 p.m.

Chairman

(END)