

**STANDARDS AND AUDIT COMMITTEE****Wednesday, 21st September, 2016**

Present:-

Councillor Rayner (Chair)

Councillors A Diouf  
Sarvent  
DerbyshireCouncillors Caulfield  
Tidd

\*Matters dealt with under the Delegation Scheme

**9 DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS  
RELATING TO ITEMS ON THE AGENDA**

No declarations of interest were received.

**10 APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Brown.

**11 MINUTES****RESOLVED –**

That the minutes of the Standards and Audit Committee meeting held on 22 June, 2016 be approved as a true record.

**12 TREASURY MANAGEMENT REPORT 2015/16 & MONITORING  
REPORT 2016/17**

The Acting Chief Finance Officer presented a report for Members to consider the Annual Treasury Management Report for 2015/16 and the Treasury Management activities for the first five months of 2016/17.

The report confirmed that during 2015/16 the Council had complied with its legislative and regulatory requirements. It included the prudential and treasury indicators and details of the Council's investments and borrowing.

It was confirmed that following a tendering exercise, a new treasury management advice service provider had been appointed with effect from October, 2016.

**\* RESOLVED –**

That it be recommended to Full Council to:

- (1) Approve the outturn Prudential Indicators for 2015/16;
- (2) Approve the treasury management stewardship report for 2015/16;
- (3) Note the treasury management position for the first five months of 2016/17.

**13 AUDIT REPORT ON 2015/16 STATEMENT OF ACCOUNTS**

The Acting Chief Finance Officer submitted a report on the Statement of Accounts for 2015/16, the 'Letter of Representation' and the External Auditor's 'Report to those charged with Governance'.

The audited statement of accounts was attached to the report at Annexe 1 and included the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund, Disclosure Notices and the Annual Governance Statement.

The Council's external auditors were required to obtain written representations from management in respect of fraud, compliance with laws and regulations, contingent liabilities, related party disclosures and post balance sheet events in the form of a letter of representation. The letter was attached to the report at Annexe 4.

The external auditor was required to 'communicate audit matters to those charged with governance', i.e. the Standards and Audit Committee, and a copy of the external auditor's report was attached to the report at Annexe 3. Ms Helen Brookes of KPMG attended the meeting to present the External Auditor's 'Report to those Charged with Governance'.

The report confirmed that following the audit of the accounts, a small number of presentational adjustments had been agreed, but that these

were not considered to be material. The external auditor's report also included the Value For Money (VFM) conclusion and identified the following key issues as 'priority 2' ('that have an important effect on internal controls but do not need immediate action'):

- Accounts production process;
- Pension shortfall figures;
- Financial outturn variances.

**\* RESOLVED –**

- (1) That the Statement of Accounts for 2015/16 be approved.
- (2) That the Management Letter of Representation be approved and signed by the Chair.
- (3) That the Report to those Charged with Governance be noted.

**14 ANTI-FRAUD, BRIBERY AND CORRUPTION STRATEGY  
(INCLUDING MONEY LAUNDERING POLICY)**

The Internal Audit Consortium Manager presented a report for Members to consider the Council's draft updated Anti-Fraud, Bribery and Corruption Strategy (including Money Laundering Policy).

The Council had last reviewed its Anti-Fraud and Corruption Strategy and Money Laundering Policy in 2013. This had been reviewed and updated to reflect developing good practice and the Corporate Management Team had been consulted. The draft updated strategy was attached to the report as Appendix A.

The updating of the strategy would restate the Council's zero tolerance of fraud and all forms of malpractice and provide an opportunity to promote the key message to both Members and employees.

**\* RESOLVED –**

That the Anti-Fraud, Bribery and Corruption Strategy (including Money Laundering Policy) be approved.

## 15 **FIGHTING FRAUD AND CORRUPTION LOCALLY**

The Internal Audit Consortium Manager presented a report to make Members aware of “The local government counter fraud and corruption strategy 2016 – 2019” and to report an assessment of Chesterfield Borough Council’s position against the Fighting Fraud and Corruption Locally checklist 2016 – 2019.

The strategy, which had been developed by local authorities and key stakeholders from across the counter fraud landscape, identified the key principles for fighting fraud locally and the following themes, against which local authorities could consider their performance:

- Culture
- Capability
- Capacity
- Competence
- Communication
- Collaboration

The 2016 – 19 Fighting Fraud and Corruption checklist had been completed for the Council by the Internal Audit Consortium Manager and the Corporate Leadership Team (copy attached to the report at Appendix A), and an action plan had been developed to address the issues arising (copy attached to the report at Appendix B).

### **\* RESOLVED –**

- (1) That the local government counter fraud and corruption strategy be noted.
- (2) That the position shown in the 2016 – 19 Fighting Fraud and Corruption checklist and corresponding action plan be noted.

## 16 **OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS**

Pursuant to Minute No. 5 (Standards and Audit Committee 2016/17), the Internal Audit Consortium Manager presented a report to inform Members of outstanding internal audit recommendations and the progress being made to implement them.

The implementation of audit recommendations was being monitored by the Corporate Leadership Team on a regular basis with a commitment to

pro-actively ensuring that recommendations were implemented as agreed where possible.

A summary of outstanding internal audit recommendations as at the beginning of August 2016 relating to the 2014/15 and 2015/16 financial years was attached at Appendix A to the report.

**\* RESOLVED –**

- (1) That the report be noted.
- (2) That the report be brought to Standards and Audit Committee every six months.

**17 PROGRESS REPORT ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS - NON-HOUSING PROPERTY REPAIRS**

Pursuant to Minute No. 4 (Standards and Audit Committee 2016/17) the Head of Contract (Kier) presented a report to inform Members of progress on the implementation of the audit recommendations in respect of non-housing property repairs.

Progress on the implementation of these recommendations was now included as a standard item on the agenda for the Corporate Asset Management Group.

The report confirmed that 5 year condition surveys had now been concluded with all Council (non-housing) premises inspected and a programme proposed to review with the relevant Service Manager the contribution each property makes to the Property Repairs Fund.

The initial 6 month programme focused on the top 16 properties which contribute to the Property Repairs Fund, following which a report would be presented to the Council showing the impact the proposed new contributions would have on each property budget.

Currently large items of capital repairs (e.g. lifts, large boiler renewals, etc) formed part of a capital programme rather than annual contributions to the Property Repairs Fund. The new maintenance plans developed from the property reviews would identify these large items of repair / replacement to ensure that the Council has visibility of future liabilities.

A further audit would be undertaken on the Non-Housing Repairs Fund in April 2017 to ensure satisfactory progress was being made.

**\* RESOLVED –**

That the progress report on the implementation of the audit recommendations in respect of non-housing property repairs be noted.

**18 LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF PUBLIC**

**RESOLVED –**

That under Section 100(A)(4) of the Local Government Act 1972 the 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 defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

**19 SUMMARY OF INTERNAL AUDIT REPORTS ISSUED 2016/17**

The Internal Audit Consortium Manager presented a report summarising the Internal Audit reports issued for the period 21 May to 3 August, 2016 in respect of reports relating to the 2016/17 internal audit plan.

The Committee noted that the classification of the reliability of internal controls was 'good' in one case, 'satisfactory' in three cases and 'marginal' in one case (Queen's Park Sports Centre). No issues in respect of fraud had been identified.

Pursuant to Minute No. 4 (Standards and Audit Committee 2016/17), a copy of the marginal report in respect of Queen's Park Leisure Centre was attached to the report. It was noted that a further audit would be undertaken next year to ensure that satisfactory progress was being achieved.

**\* RESOLVED –**

That the report be noted.