

## CHILTERN DISTRICT COUNCIL

### MINUTES of the Meeting of the AUDIT AND STANDARDS COMMITTEE held on 25 SEPTEMBER 2014

**PRESENT:** Councillor J L Gladwin - Chairman

Councillors: A K Bacon  
D W Phillips  
J F Warder

**APOLOGIES FOR ABSENCE** were received from Councillors A D Garnett, A J Garth, D G Meacock, J S Ryman and Mrs L M Smith. Independent members RJ Duffy, D Gleen and Mrs C Langley.

#### 1 ELECTION OF CHAIRMAN

It was moved by Councillor D W Phillips, seconded by Councillor J F Warder and

**RESOLVED -**

**That Councillor J L Gladwin be elected Chairman of the Audit and Standards Committee for the remainder of the Municipal Year.**

#### 2 APPOINTMENT OF VICE-CHAIRMAN

The committee decided not to appoint a Vice-Chairman.

**RESOLVED –**

**That a Vice-Chairman would not be appointed to the Audit Committee.**

#### 3 MINUTES

The Minutes of the meetings of Standards Committee held on 12 June 2014 and Audit Committee held on 1 July 2014 were agreed by the Committee and signed by the Chairman as a correct record.

#### 4 DECLARATIONS OF INTEREST

There were no declarations of interest.

## **5 AUDIT & STANDARDS COMMITTEE TERMS OF REFERENCE**

The Committee had studied the terms of reference and found them to be acceptable.

### **RESOLVED**

**That the terms of reference for the Audit and Standards Committee be approved.**

## **6 FINAL 2013/14 STATEMENT OF ACCOUNTS**

The final accounts were ready to be signed by the Chairman with the agreement of the Committee. The accounts had been examined at the July meeting, so only the significant amendments were brought to the attention of the Committee.

One major change had been to the valuation of the leisure centres. This was due to the way buildings had previously been valued. The CIPFA guidance requires that the valuation should be on an instant rebuild basis (not including finance charges). This means that the leisure centres had been previously over valued by £1.2 million since 1<sup>st</sup> April 2011 by the Council's valuer but this error had now been corrected. The issue had been identified by the external auditors in their work in a number of other authorities. The Committee were advised that this change was unlikely to affect the cost of insurance for the centres, and had no impact on the Council's useable reserves.

The other major issue to be considered was the adjustment by the actuary for the pension scheme, which gave the CDC element of the pension scheme a £2.447 million actuarial loss. This adjustment arises as each employers' asset share and the total fund value is only fully calculated at the triennial valuation. In the intervening years these figures are estimated. This results in a correction to the figures at each triennial valuation date. The actuaries were able to offer a more accurate estimate for an additional fee. The other three district councils also had a negative impact from the re-valuation. The committee agreed that the extra cost of an additional evaluation was worth investigating, whether or not the other district councils wanted to take up the valuation. It was proposed that the potential for making further additional contributions to the pension fund to reduce the deficit be kept under consideration as part of the council's medium term financial strategy.. It was agreed that this should be recommended to Cabinet for further discussion.

Claire Hodges of Ernst & Young presented the external auditors report. Two main risks had been identified. The first related to the risk of misstatement due to fraud and error and they were satisfied of assurance by their investigation. The second risk was due to the new localisation of business rates but they found no concerns in this area. In conclusion they were proposing to issue unqualified audit and Value for Money opinions.

## **RESOLVED –**

**That the Final 2013/14 Statement of Accounts be approved by the Audit and Standards Committee and signed in accordance with the Accounts and Audit Regulations.**

### **7 INTERNAL AUDIT PROGRESS REPORT**

Chris Harris from TIAA presented the Internal Auditors report. The report showed work undertaken during the year. There were some delays in period 1 and 2 due to the restructuring taking place in the Council. The audit for Housing Grants and FOI/Data Protection had been postponed due to revision and a new system being installed. The Crematorium audit had been changed to April each year to re-align with external audit of the Crematorium's accounts.

### **8 FOLLOW UP REVIEW OF INTERNAL AUDIT RECOMMENDATIONS**

A review was undertaken of the recommendations for 2013/14, to see if they had been actioned. The key findings were given in the report on p107. Overall 48 recommendations had been implemented, 2 were in the process of being implemented, 3 had a revised target date and 11 had not yet reached their due date.

The Committee expressed concern at the length of time taken to implement recommendations, and made the point that Heads of Service need to ensure that timescales given for implementation were realistic. Where it was evident that the timescale given to implement a recommendation was not realistic, the Head of Service would be called to the Committee to explain the reasons for failure to implement on time.

A follow up review of creditors would be undertaken due to the change in bank account, new finance team, and the movement of SBDC finance staff to Chiltern. It was recognised that there had been significant changes and a loss of experienced staff.

The Committee asked about the data quality assurance review. Information asset registers were now in place in each service area and responsibilities allocated. The development of retention and disposal policies were in progress.

Chris Harris was thanked for his detailed report and the Committee looked forward to the next report.

## **RESOLVED**

**That the review of internal audit recommendations be noted.**

**9 AUDIT WORK PROGRAMME**

**RESOLVED**

**That the work programme of the Audit Committee be noted.**

**10 STANDARDS WORK PROGRAMME**

**RESOLVED**

**That the work programme of the Standards Committee be noted.**

**The meeting ended at 7.25 pm**