

CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the **AUDIT AND STANDARDS COMMITTEE (CDC)** held on **29 JUNE 2017**

PRESENT: Councillor J L Gladwin - Chairman

Councillors: A K Bacon
C J Jackson
D W Phillips
N I Varley

APOLOGIES FOR ABSENCE were received from Councillors C J Ford, R J Jones, V Martin, C J Wertheim, also Mr D Gleen and Mrs C Langley (Independent Persons) and Mr Andrew Brittain of Ernst & Young.

The Chairman welcomed Sue Gill of Ernst & Young and Chris Harris of TIAA to the meeting.

2 MINUTES

The Minutes of the meetings of the Audit & Standards Committee held on 9 March 2017 and 16 May 2017 were agreed by the Committee and signed by the Chairman as a correct record.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 COMPLAINTS MONITORING REPORT 2016/17

It was reported that there had been a slight increase in the number of formal complaints about Councillors at Chiltern District Council during 2016/17. These complaints related to comments made at Planning Committee meetings. To date, none have proceeded beyond Stage 1 of the Complaints Procedure.

The Members examined the Complaint Form and questioned the need for the Equalities page at the end of the form. It was advised that completing this page was optional, and would be reviewed in line with current best practise.

It was also noted that the monitoring officer would be including a refresher on standards of behaviour and the principles of conduct in public life in future training for members.

RESOLVED

That the report be noted.

5 APPOINTMENT OF INDEPENDENT PERSONS

Since the report had been written, the Council had been notified by Mr David Gleen that he would be standing down from the position of Independent Person for the Council. It was also noted that Caroline Langley's current 5 year term would expire in July 2017. It was still considered necessary to have two Independent Persons in case of conflict of interest or indisposition and therefore the Committee were asked to authorise a recruitment process. This would require advertising the vacancies in the local press to find a suitable candidate. Members were satisfied that Caroline Langley's independence would not be compromised by a further appointment to this role.

RESOLVED

- 1. That the revised role description for Independent Persons be agreed.**
- 2. That a statutory advertisement be placed in the local for the appointment of 2 Independent Persons for a 5 year term.**

6 PROTOCOL ON GIFTS AND HOSPITALITY

The Protocol had been updated to include a section from the Bribery Act and that the value of gifts and hospitality to be notified under the Code of Conduct had increased to £50. It was considered that it would be useful for a summary of key points and a link to the protocol, to be sent to Members with a future weekly bulletin.

RESOLVED

That the report be noted and that the protocol be brought to the attention of Members and Senior Staff.

7 STANDARDS WORK PROGRAMME

RESOLVED

That the work programme of the Standards Committee be noted.

8 TIAA ANNUAL ASSURANCE REPORT 2016/17

The Annual Internal Audit report gave a positive conclusion on the control and governance of the Council overall. Members were concerned however that most of the audit recommendations had fallen within the compliance category. It was noted that many of these were minor procedural matters, and all recommendations classified as important were brought to the Audit and Standards Committee for scrutiny.

With regard to the Waste Contract, it was asked why there had been no audit in 2017. It was advised that Wycombe had done the last audit in 2016 which was shared with the Council. This had resulted in follow-up action and it was therefore considered more appropriate for Chiltern to do an audit in the 2017/18 programme.

RESOLVED

That the report be noted.

It was stated in the report that some issues would be resolved by March 2018, this was considered too long by the Committee. It was recommended that outstanding Health & Safety of Fire Awareness training be completed by all staff by the end of September 2017.

9 TIAA PROGRESS REPORT 2016/17

It was reported that there were no priority one concerns and the report set out priority 2 issues and the progress being made.

With regard to procurement procedures not being followed by some departments, it was reported that team meetings were being attended in order to put an emphasis on what needed to be done. It was noted that there had been issues with staff changes and the use of contractors to get the process followed correctly.

Councillors were concerned that Health & Safety meetings had not been attended regularly by senior officers and that Fire Awareness training would not be complete until March 2018. Members were advised that the

membership and terms of reference of the H&S meeting had been reviewed and attendance was now occurring as intended. It was recommended that all staff undertake the training by the end of September 2017.

RESOLVED

That the report be noted and recommended that outstanding matters be resolved by 30 September 2017.

10 TIAA PROGRESS REPORT 2017/18

Reports for the 2017/18 programme would be coming to the next Committee but the ongoing work was noted.

It was also noted that there would be no further external audit on the Crematorium Accounts as there was no longer a requirement where there was a Joint Committee. This matter had been considered by the Crematorium Joint Committee and it was considered that there would be more assurance from an internal audit and better value for money. The Committee asked for the internal audit to remain annual and in-depth.

RESOLVED

That the reports be noted.

11 CHILTERN DISTRICT COUNCIL ANNUAL FRAUD REPORT

Housing Benefit Fraud investigations were now being carried out by the DWP's new Single Fraud Investigation Service. There had been 9 cases referred to them resulting in one prosecution so far. The fraud team support them with extensive background checks and information.

Chiltern took part in the DWP incentive scheme (Fraud and Error Reduction Scheme) which generated a reward payment of approximately £20,000 which was likely to be a one-off payment, as the scheme won't be continued in the same form.

There had been no CDC led prosecutions of council tax fraud, but funds had been recovered and penalties charged where false statements had been made.

RESOLVED

That the report be noted.

12 ERNEST & YOUNG AUDIT FEE LETTER

A letter had been received explaining how the fee would be calculated for work during 2017/18. It was noted that Public Sector Audit Appointments (PSAA) now set the fee based on the amount of anticipated work and that any additional work could result in a higher fee.

It was also noted that it was not yet known who would be appointed as Auditor for the following year as this would be decided by PSAA in due course.

RESOLVED

That the audit fee for 2017/18 be noted.

13 ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement was a requirement to be included in the accounts and the report set out how governance was assured. Assurance over Governance is gained from managers, the Chief Finance Officer, internal audits and external audits. There was also a duty to report potential issues and two were identified relating to Business Continuity and also information management policies and procedures.

Questions were asked about the Risk Registers on page 100 and whether the risk assessments had been completed and were reassured that this had been done for this period 2016/17.

RESOLVED

To approve the Annual Governance Statement.

14 DRAFT ACCOUNTS 2016/17

The draft 2016/17 Statement of Accounts were presented to the Committee. It was acknowledged that it was lengthy and complex but the format was laid out in the Accounting Code of Practice. The main points discussed were:

1. The Net Cost of Services shown in the Narrative Report was £8.4 million which was 0.7 million under budget. The Narrative Report figures differ to those shown in the Income and Expenditure Statement as they do not include depreciation and other notional costs.
2. The Income and Expenditure Statement (P135) showed net cost of services to be £11.9 million compared to £10.5 million last year. This

year for the first time the information was split by the Council's Portfolio areas.

3. There was a full revaluation of property including car parks which resulted in an overall revaluation gain of £2.9 million.
4. The second section of the Income and Expenditure Statement comprises other operating expenditure and including the Parish Precepts of £2.6 million.
5. The Income and Expenditure Statement also shows Income from Council Tax of £10.2 million and business rates £1.5 million.
6. The Non Domestic Rates Levy payment is the proportion of the growth in business rates that is paid over to central Government. In 2016/17 CDC had joined a business rates pool with AVDC and SBDC which reduced the amount that had to be paid by £97,000.
7. The Movement in Reserves Statement showed that Earmarked Reserves had increased by £1.5m and there was now £10.7 million earmarked for specific projects.
8. For Chiltern the pension asset value is £44.6m and the liability £91.0m giving a net deficit of £46.4m as at 31 March 2017.
9. Cashflow statement. Cash increased by £4.9 million mainly due to timing differences in relation to Business Rates and Council Tax.

It was noted that the sign-off date for 2018 would be 31 May and so the Accounts would need to be prepared earlier. The external auditors would need to complete by 31 July 2018.

The Committee examined the earmarked reserves on page 159 in detail. It was noted that there was £1m earmarked for affordable housing. The Leisure Fund related to the current Chiltern Pools project and it was advised that this was a sum towards the feasibility and consultation work leading towards a final design and business case. The actual construction cost of new facilities would require loan finance.

More detail was requested regarding the re-valuation of the car parks. It was advised that although land values had risen, the depreciable element ie the tarmac's value had fallen.

Staff salaries were also considered on page 170. There was some confusion as the Remuneration Band table only shows CDC employees and a slight amendment to the wording was requested to make the presentation clearer.

The Pension Fund was showing a substantial deficit however it was noted that the actual contributions to the pension fund were calculated on a different statutory basis. It was also noted that if the discount rate was to increase, the deficit would become much lower.

RESOLVED

To note the report and to recommend to Cabinet that Members be made aware of the Pension Fund liability issue.

15 RISK MANAGEMENT UPDATE REPORT

Risk Management was particularly important during a time of change and transformation. The key operational risks were reviewed monthly by the Management Team and Heads of Service. Work was in hand to develop risk training sessions for the middle managers development programme. The internal auditors were continuing to work on testing the controls in place to mitigate these risks.

Key operational risks include the performance of the telecoms operator and also temporary accommodation. Key strategic risks include affordable housing and new requirements on the storage and processing of information. IT security had also become more of a perceived risk.

With regard to major infrastructure impact from external issues, it was advised that HS2 would impact Chiltern and for South Buck, Heathrow expansion and Crossrail were likely to be additional challenges.

RESOLVED

That the report be noted.

16 AUDIT WORK PROGRAMME

RESOLVED

That the work programme of the Audit Committee be noted.

The meeting ended at 9.00 pm