

CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the **AUDIT AND STANDARDS COMMITTEE** held on **16 JULY 2019**

PRESENT: Councillor J Gladwin - Chairman

Councillors: A Bacon
V Martin
N Varley
C Wertheim

APOLOGIES FOR ABSENCE were received from Councillors C Ford, C Jackson and E Jones

54 MINUTES

The Minutes of the meetings of the Audit and Standards Committee held on 10 April 2019 and 15 May 2019 were approved by the Committee and signed by the Chairman as a correct record.

55 DECLARATIONS OF INTEREST

There were no declarations of interest.

56 CODE OF CONDUCT COMPLAINTS MONITORING REPORT 2018/19

The Committee considered a report of the Monitoring Officer which informed the Committee of the complaints received by the Monitoring Officer in 2018/19 that members had breached the Code of Conduct. It was noted that good practice was for the Council to review the complaints received about members on a regular basis and consider any action required to address issues raised.

Paragraph 3.3 of the report detailed that four complaints had been received three of which related to District Councillors and one against a Parish Councillor. This was set against a total of 219 elected and co-opted members of the district/town parish councils in Chiltern. The complaints against the District Councillors had proceeded to Stage 2 where the monitoring officer had found no evidence of a breach of the Council's Code of Conduct that warranted referral for investigation and therefore no further action was taken. The complaint about the Parish Councillor had not proceeded past Stage 1.

In response to a query raised by a member it was confirmed that the Council does have an up to date whistleblowing procedure as well as a safeguarding policy so that complainant confidentiality would be secure if there were sound reasons.

RESOLVED

That the complaints information for 2018/19 be noted.

57 CODE OF CONDUCT AND COMPLAINTS PROCEDURE FOR BUCKINGHAMSHIRE COUNCIL AS A SHADOW AUTHORITY

The Committee received a report which detailed the standards arrangements in place for members during the Shadow Authority period for Buckinghamshire Council. All members of Chiltern District Council were automatically members of the Shadow Authority for Buckinghamshire Council and therefore would be subject to the standards arrangements in place when acting in that capacity.

Members were advised that Chiltern District Council's Code of Conduct still applied and the Shadow Authority code would only apply when Members were acting in their capacity as a Member of the Shadow Authority. It was confirmed that for the period 1 April 2020 until the fourth day after the local elections in May, the only code that would apply was that of the Shadow Authority.

A further report would be presented to the Committee later in the year with details of Code of Conduct and Complaints Procedure proposals for the new authority.

RESOLVED

That the report be noted.

58 STANDARDS WORK PROGRAMME

RESOLVED

That the work programme of the Standards Committee be agreed.

59 INTERNAL AUDIT PROGRESS REPORT

Members received a progress report on the internal audit work at Chiltern District Council as at 7 June 2019. Chris Harris, TIAA presented the report which detailed progress against the Annual Plan for 2018-19 as set out in Appendix A and progress against the Annual Plan for 2019-20 as set out in

Appendix B. The results of finalised audits with Priority 1 or 2 recommendations were shown at Appendix C.

The Committee queried the advisory evaluation given to 'overtime arrangements' and it was explained that a review process had been commissioned with no significant issues having been identified. The Council had asked for this advisory audit to be carried out to ensure overtime claims were being dealt with appropriately following isolated incidents having been identified which resulted in employees being subject to the Council's disciplinary procedure.

Progress against the Annual Plans for 2018/19 and 2019/20 could be seen on pages 84-88 of the reports pack, whilst Priority 2 recommendations were detailed on pages 89-90.

The Committee noted that not all of the thirteen contracts which had been reviewed and had a total spend of more than £50,000 had been executed under the Council's common seal; five had been executed by signature only. The Committee requested that the Council's legal team be informed of all contracts being entered into in respect of the Chiltern Lifestyle Centre so that this additional measure of compliance was in place for these contracts to be sealed. It was confirmed that contracts under seal had a longer claims period. The Committee asked that contracts already entered into for the Chiltern Lifestyle Centre as well as those which were entered into for the Amersham Multi-Storey car park be reviewed and findings reported back at the next meeting.

RESOLVED

That the report be noted.

60 FOLLOW UP REVIEW OF 2018/19 INTERNAL AUDIT RECOMMENDATIONS

The Committee received a follow up review by TIAA which established the management action that had been taken in respect of the priority 1, 2 and 3 recommendations which had arisen from internal audit reviews at the Council and had been finalised during 2018/19. These were joint audit reviews for both Chiltern and South Bucks and were carried out during April and May 2019. The key findings were detailed in the report.

The Chairman requested that the details of the two recommendations that were outstanding, along with the two recommendations which were no longer applicable be shared with the Committee by e-mail following the meeting.

RESOLVED

That the report be noted.

61 EY ANNUAL AUDIT FEE LETTER 2019/20

The Committee received the EY Annual Audit Fee letter for the 2019/20 financial year at Chiltern District Council. This noted what the audit fee covered and included the assumptions the indicative fee was based on. The summary of fees was detailed in the report and the audit plan was expected to be issued in December 2019.

Andrew Britten and Malcolm Haines, Ernst and Young (EY), presented the report and advised the Committee of the reasons for which the external audit of accounts for 2018/19 had been delayed. EY had suffered a significant level of attrition in the Public Sector audit Team following staff in key roles leaving their posts in this geographical region which meant that the decision had to be taken to reschedule the audit to ensure that people with extensive knowledge were in post to be robust in their audits. Nineteen of EY's local authority clients had been affected, including all neighbouring Bucks Districts. Forty-one recruits had started or were due to start in the Public Sector audit division. The PSAA who are responsible for overseeing external audit contracts are aware of the situation and are monitoring it closely. It was confirmed that the scale fee set for the scope of work would not be amended.

Two issues had arisen from the audit work carried out to date, these included the substantial downwards revaluation of the Amersham Multi Storey car park. The basis for valuing car parks for accounting purposes was generally accepted however this had been referred to the technical specialist at EY to review and make comments and observations on the actual calculation; if the valuation were to be different, a suggested amendment would be made to the draft accounts.

The other issue identified was around pension liability uncertainties following the McCloud judgement hearing being upheld which could result in additional public sector pension payments. A report had been issued by the Government Actuary's Department with a method of calculating liability. A re-run of the figures had been requested from the Council's actuary and from this it would be known whether any adjustments would be required.

RESOLVED

That the Annual Audit Fee 2019/20 letter be noted.

62 EY WORKING WITH YOU - OUR METHOD STATEMENT

The Committee received the EY's Method Statement which detailed an overview of the approach that would be taken. The document could be seen in its entirety on pages 99 to 104 of the reports pack.

RESOLVED

That the Method Statement be noted.

63 APPROVAL OF DRAFT ACCOUNTS

The Committee received the draft 2018/19 Statement of Accounts for consideration. Each year the Authority was required to produce a formal statement of Accounts document in accordance with the Accounts and Audit Regulations. The accounts were subject to an external audit.

The draft accounts contained a narrative report; statement of responsibilities; comprehensive income and expenditure statement; movement in reserves statement; balance sheet; notes to the accounts; collection fund and; auditor's report and annual governance statement.

It was highlighted to the Committee that the key movements in the Council's usable reserves were:

- The General Fund Balance reduced by £215,000 to £6,432,000.
- Earmarked Reserves reduced by £1,006,000 to £11,525,000.
- The Council's Capital Receipts Reserve has been fully utilised. £1,080,000 was used to fund capital expenditure in 2018/19.

And the key movements in the Council's unusable reserves were:

- The revaluation reserve had decreased by £2,782,000. This was due to the downwards revaluation of the Amersham multi storey car park.
- The pension deficit had reduced by £1,488,000 and the accumulated estimated pension fund deficit was now £43,126,000.

The accompanying report set out a summary table of the Council's key assets and liabilities.

It was confirmed to Members that the Council received zero revenue support grant in 2018/19 and that the negative RSG had not been enacted by Government.

The Committee queried why the Planning and Economic Development portfolio's gross expenditure had increased from £2.62m in 2017/18 to £4.115m in 2018/19 and similarly the Environment portfolio had increased

from £10.487m to £19.444m. With regard to Planning and Economic Development, it was confirmed that this had previously been reported as CDC only and was now a shared service with SBDC. The Environment portfolio was impacted by the write off in valuation of the Amersham Multi-storey car park. Further details behind these figures would be provided to the Committee.

Further, the Committee requested that details of the reasons behind the change in the net surplus or (deficit) on the provision of services and adjustments to net surplus or deficit on the provision of services for non-cash movements detailed on page 118 of the reports pack be circulated to members of the Committee due to the vast difference from the figures of 2017/18.

The final accounts would be brought back before the Audit and Standards Committee for formal sign-off in October following the external audit.

RESOLVED

That the draft accounts be noted by the Audit & Standards Committee.

Note: Councillor N Varley left the meeting at 7.30 p.m.

64 AUDIT COMMITTEE WORK PROGRAMME

The Committee received the work programme and noted that along with the items detailed, the final accounts would be presented to the October meeting for sign off.

RESOLVED

That the work programme of the Audit Committee be agreed.

65 EXCLUSION OF THE PUBLIC (IF REQUIRED)

RESOLVED –

That under section 100 (A) (4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following item(s) of business on the grounds that they involved the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.

66 SUMMARY OF PUBLIC SERVICE NETWORK COMPLIANCE

The Committee received a report which provided an update on the health check completed and remedial action plan following the annual application for a Public Services Network (PSN) connection compliance certificate.

This report had been presented to the Committee following interest expressed at a previous meeting in respect of what the Council was expected to conform to and was accredited on annually. The appendices which accompanied the report detailed the extensive technical piece of work which had been carried out to ensure the compliance of the network.

All but one of the actions that came out of the most recent health check had been actioned and closed and the ICT system overall was sound. Further, the programmed move to the cloud was due to take place over the next 12 to 18 months in parallel with the other councils in Buckinghamshire.

In response to a query raised, it was confirmed that the issue with Wi-Fi access the Council had experienced at its offices was the fault of a national issue with O2, and not related to the Council's network.

RESOLVED

That the report be noted.

The meeting ended at 7.54 pm