

CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the **AUDIT AND STANDARDS COMMITTEE (CDC)** held on **8 MARCH 2018**

PRESENT: Councillor J Gladwin - Chairman

Councillors: A Bacon
C Ford
C Jackson
V Martin
C Wertheim

APOLOGIES FOR ABSENCE were received from Councillors R J Jones, D Phillips, N Varley, and Independent Members Mrs C Langley and E Jones.

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

42 MINUTES

The Minutes of the meeting of the Audit & Standards Committee held on 17 January 2018 were agreed by the Committee and signed by the Chairman as a correct record.

43 CHAIRMAN'S UPDATES

Following the Internal Audit Progress Report at the last Committee meeting which raised concerns about Health & Safety at the Clay Lane Depot, it was advised that the Chairman of the Joint Waste Collection Committee had been informed and had added the item to their 22 January meeting for discussion. The Chairman confirmed that he had sent a copy of the report to the Chairman of WDC's Audit Committee.

With regard to the enquiry about electoral registration audits, it was advised that a formal review was not considered necessary as there had been no further changes since Individual Electoral Registration was introduced and no further issues identified. The Governance and Electoral Arrangements Committee were responsible for this area and it was agreed that a briefing note could be provided.

There was a request for the legal fees earned by the Legal Department to be audited but it was advised that these were small sums received for legal work relating to Section 106 agreements or similar and no other external work was

undertaken. The legal activities were already audited as part of the work of auditing processes in other departments to which legal contributed.

A further update was given by Andrew Brittain (EY) regarding Barnet Waddingham's pension valuation methodology and it was advised that they would be reporting after the year end as part of the Audit Letter.

Member training for the revised Prudential Code was likely to be held in June or July and possible dates would be canvassed shortly.

44 DECLARATIONS OF INTEREST

There were no declarations of interest.

45 REVIEW OF THE PROTOCOL ON THE ROLE OF THE MONITORING OFFICER

The Committee were asked to consider whether the Protocol on the Role of the Monitoring Officer was still fit for purpose. The appendix showed the proposed changes and sought to clarify the role and key contacts involved.

The Monitoring Officer was a statutory appointment under section 5 of the Local Government and Housing Act 1989. At both Chiltern and South Bucks District Councils this role was undertaken by the Head of Legal and Democratic Services.

The main changes proposed related to the reporting procedure; to the Governance and Electoral Arrangements Committee in relation to the Constitution and consultations with Corporate Management Team and Cabinet Leader. The Committee were in agreement with the proposed changes.

RESOLVED

That the updated Protocol attached at Appendix 1 be approved and published on the website.

46 STANDARDS WORK PROGRAMME FOR 2018/19

The Committee considered the proposed work programme of the Standards Committee and no further items were requested.

RESOLVED

That the work programme of the Standards Committee be noted.

47 WASTE AUDIT UPDATE

A verbal update on the Waste Audit was requested at the previous meeting. The state of the depot at Clay Lane was priority one for action but was owned and managed by Wycombe District Council. The Committee were assured that WDC were now undertaking site inspections and Internal Audit would be following up their audit recommendations in due course. The Internal Audit Manager confirmed that he had raised the matter with WDC's Internal Audit Manager.

48 REVIEW OF RISK BASED VERIFICATION POLICY

Chiltern District Council adopted RBV in October 2016. The process is now embedded into the claim process and assists in providing a customer focused service to support the claim process, enabling quick turn arounds for the majority of claims.

Members asked how the categories were formulated and it was advised that there was a wide range of data used and not just the value of the claim. There was also reassurance that the low risk claims were also checked by random testing.

RESOLVED

That the revised risk based verification policy shown at confidential Appendix A be approved and adopted for the assessment of Housing Benefit and Council Tax Support claims from 1st April 2018.

49 RISK MANAGEMENT UPDATE

The Strategic risks of the authorities are those that are considered to be the significant corporate risks that exist in the medium term, and which require management at a corporate level in the authority. These issues can be service specific or cross cutting. The Strategic risks were set out in the appendix.

The management of most risks focuses on the four main areas.

- Financial
- Property & Systems
- People
- Information

The Annual Governance Statement assesses the effectiveness of controls and procedures, is reviewed and approved by the Audit & Standards Committee and published with the Council's annual accounts.

Questions were asked regarding the risks to the Waste contract and it was advised that this related only to CDC and WDC at the present time. Members also asked for some examples of operational risks and these included homelessness rises and staffing issues. It was recommended that identified risks be split into preventative action and action to mitigate if they occurred.

RESOLVED

To note the report.

50 INTERNAL AUDIT PROGRESS REPORT

Chris Harris from TIAA was pleased to note that good progress had been made on the annual plan for 2017/18 and many reports had been completed and there were many positive outcomes. Changes to the plan for next year were set out in the report.

Members were pleased to note that there had been a prompter response to draft reports across the Council. This had enabled more reports to be finalised.

The Committee were still concerned that all VAT receipts were not being presented when using payment cards. Although reassured that this related to small amounts, it was considered that the principle needed to be given more importance. A request was made for more information on the number of purchase cards issued to staff and the frequency of use.

RESOLVED

That the Internal Audit Progress Report be noted.

51 ANNUAL INTERNAL AUDIT REPORT

The annual report was able to give a positive opinion on processes. There was one urgent item, relating to the Waste Health & Safety issue and work was in progress to address this, and the responsibility lay with WDC rather than CDC. The Performance Indicators report would be presented to the next committee meeting.

It was asked why Payroll had only a "reasonable" score when this was delivered by Aylesbury Vale District Council. It was advised that this related to

paperwork not being signed off correctly in some instances. Monthly instructions to payroll are now signed off correctly by an accountant.

The Chairman thanked Chris Harris for his report.

RESOLVED

That the report be noted.

52 AUDIT REQUIREMENTS FOR HOUSING BENEFIT SUBSIDY GRANT CLAIM FROM 2018/19 ONWARDS

In accordance with Department for Work and Pensions (DWP) guidance, local authorities (LAs) were required to appoint a relevant independent reporting accountant to carry out audits in respect of the housing benefit subsidy grant claim from 2018/19 onwards. The DWP had initially set a deadline of 28 February 2018 for this to be completed. However, details of the audit requirements had not yet been released by DWP and thus the deadline has been extended, as appointments cannot be made until this guidance is issued. It was advised that all local authorities were in the same position and would have to await further DWP guidance before moving to conclude arrangements.

RESOLVED

That the Committee note the actions to appoint a reporting accountant to carry out the prescribed functions in relation to the audit of the Housing Benefit Subsidy Grant claim.

53 PROPOSED AMENDMENTS TO THE FINANCIAL PROCEDURE RULES

The Financial Procedure Rules were last updated May 2016 and although no major changes were necessary, the track changes in the appendix proposed some amendments. The following amendments were discussed:

1. On page 57 the Monitoring Officer was no longer responsible for promoting high standards of conduct as this duty had been allocated to the Audit & Standards Committee.
2. In section 4 it was noted that Signature controls were now electronic.
3. In Section 5 it was proposed to harmonise Virement levels. The Committee asked for Director of Resources "in consultation with the Portfolio Holder" to remain. The Committee discussed the ability to reallocate budgets from an underspent area to an overspent area, and their view was they thought this was unnecessary and would prefer that it should not be retained.

4. To update the terminology in section 6 from "Supplementary Estimate" to "Supplementary Budget".
5. Even though overspends were rare, the committee considered a tolerance for overspending to be an unnecessary step.
6. Section 7, the authority to spend a new grant received when the value varies from the original estimate was agreed.
7. Section 8, the authority to incur Capital Expenditure was agreed.
8. It was noted that few cheques are now written and the changes were agreed.
9. A request was made that all write-offs made should be included in a report to the Resources Overview Committee.
10. Remove reference to "PDAs"

RESOLVED

1. For Portfolio Holders to be consulted regarding Virement Levels between £10,000 to £50,000.
2. To not introduce authority for an overspend limit of 1% or £10,000, whichever is the greater.
3. To request that a report covering all write-offs be considered by Resources Overview Committee.

And further

RECOMMENDED TO FULL COUNCIL that the revised Financial Procedure Rules contained in Appendix A be approved with the amendments of the Audit & Standards Committee.

54 AUDIT WORK PROGRAMME

RESOLVED

That the work programme of the Audit Committee be noted.

The meeting ended at 8.17 pm