

## AUDIT COMMITTEE

### Meeting - 19 September 2013

Present: Mr Hollis (Chairman)  
Mr Anthony, Mr Bradford and Mrs Wallis

Also Present: Mrs Jitinderpal Nandhra (Independent Member)  
Mr Trevor Dobson (Independent Member)  
Chris Harris - TIAA (Internal Auditor)  
Sue Gill - Ernst and Young (External Auditor)  
Claire Hodges - Ernst and Young (External Auditor)

Apologies for absence: Mr Hardy and Dr A Dhillon

#### 13. MINUTES

The minutes of the meeting of the Committee held on 4 July were confirmed and signed by the Chairman.

#### 14. STANDARDS FRAMEWORK UPDATE

The Committee considered a report which provided an update on the implementation of the new standards framework introduced by the Localism Act 2011.

The Committee noted that the Council had adopted the Complaints Procedure, attached at Appendix 2, and that two independent persons had been appointed. The Committee also noted that the Council had received only one formal complaint about the conduct of a parish councillor and that this had been referred for investigation.

The Committee were advised that, at the time of writing the report, out of 40 district councillors, 36 had registered their Disclosable Pecuniary Interests (DPIs) and 29 had registered their non-pecuniary interests with the monitoring officer. Whilst the statutory requirement to register DPI's only applies within 28 days after an election, the Council's code of conduct requires members to declare both their DPI's and non-pecuniary personal interests in the interest of good governance and transparency. It was proposed that the monitoring officer writes to those district councillors, who have declarations outstanding, to encourage them to complete the relevant forms.

The Committee were further advised that register of interests had been received from 11 out of the 12 town and parish councils in the District, although not all of them were complete. These have also been published on the Council's website.

In response to a query, the monitoring officer explained the 3rd stage in the procedure for dealing with complaints made against a councillor in more detail. A Member of the Committee questioned whether the sanctions in place to deal with councillors who breached the code of conduct were sufficient enough to protect the Council.

The monitoring officer agreed to respond, via email, to the following question: if a parish councillor was disqualified would this also disqualify them as a district councillor?

#### RESOLVED that

1. The report be noted.
2. The monitoring officer writes to those district councillors, who have declarations outstanding, to encourage them to complete the relevant forms in the interest of good governance and transparency.

**15. REVIEW OF DISPENSATIONS PROCEDURE**

The Committee received a report which asked the Committee to consider whether the current procedure for granting dispensations to members remains fit for purpose.

The Committee noted that the only occasion when members had applied for dispensation since July 2012 had been for the Council Tax setting in February this year. After consultation with the Independent Persons and in conjunction with the Chairman of this Committee dispensation was duly granted in time for the Council meeting and would last until the end of the current Council term in May 2015.

The Committee were advised that the procedure appeared to work effectively in relation to the council tax setting although it was necessary to prepare a specific application form for use by members. There had been no changes to the relevant legislation since the Committee adopted the current procedure and associated documentation.

**RESOLVED** that the current procedure for granting dispensation to members remains fit for purpose and no changes are required.

**16. PROTOCOL WITH THAMES VALLEY POLICE ON ALLEGED OFFENCES UNDER THE LOCALISM ACT SECTION 34**

The Committee considered a report which set out the current position on the preparation of a Protocol with Thames Valley Police on handling standards complaints involving alleged offences under the Localism Act.

The Committee noted that the list of new criminal offences created by the standards provisions in the Localism Act 2011. Following best practice, monitoring officers in Buckinghamshire have suggested that a protocol with Thames Valley Police, on how to handle allegations that members may have committed an offence, be prepared. An initial draft of the protocol was attached as appendix 1.

The Committee were advised that discussions to reach an agreed approach across the county were on-going. The monitoring officer was therefore seeking delegated authority, in consultation with the Chairman of the Audit Committee and the Independent Person, to agree the final wording of the protocol for South Bucks District Council. Once agreed the protocol would be published on the Council's website and communicated to all members and parish councils.

**RESOLVED** that

1. The current position on preparation of a Protocol with Thames Valley Police on handling standards complaints involving alleged offences under the Localism Act be noted.
2. The monitoring officer, in consultation with the Chairman of Audit Committee and the Council's Independent Person, be authorised to agree the final wording of the Protocol.

**17. INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a progress report from TIAA on the Internal Audit including details of the audits carried out since 1 April 2013 as set out in a table in paragraph 4 of the appendix, which also set out changes to the annual plan 2013/14, as well as the progress against the annual plan for 2013/14.

**RESOLVED** that the progress against the Internal Audit Plan and findings arising from the Internal Audit Work be noted.

**18. INTERNAL AUDIT COMPARISON OF ASSURANCE LEVELS 2011/12 TO 2012/13**

The Committee considered the Internal Audit Comparison of Assurance Levels 2011/12 to 2012/13 report which identified the trends in assurance levels for the various systems audited. This report was submitted to the Committee for consideration following a request by Members of the Audit Committee on 4 July 2013.

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The Committee noted that the trend for the main financial systems audits had been predominantly from “Substantial” in 2011/12 to “Reasonable” in 2012/13. The Committee were advised that a key reason for this could be the change of internal auditor from RSM Tenon to TIAA rather than an overall weakening of controls within the financial systems. In order for the Committee to gain a greater understanding of the trend, the Committee asked that a more in depth report be produced for the next meeting, to include numbers of the different categories of recommendation and some comments on the change in the recommendations for each audit area.

**RESOLVED** that

1. The comparison of assurance levels between years for internal audit work be noted.
2. A further report be submitted to the next meeting of the Audit Committee.

### 19. FARNHAM PARK PLAYING FIELDS AND THE SOUTH BUCKINGHAMSHIRE GOLF COURSES

The Committee received a report which updated Members on the activities associated with Farnham Park Trust, in particular the South Buckinghamshire golf facilities.

An update was provided on the following:

- Building works for the New Clubhouse
- Catering contract procurement
- Organisational changes for managing the trust activities on site
- Connectivity issues
- Marketing plan / business case
- Risks associated with the project

**RESOLVED** that the report be noted.

### 20. STATEMENT OF ACCOUNTS 2012/2013

In accordance with Accounts and Audit Regulations, the Committee received a report on the Statement of Accounts 2012/2013 divided into eleven standard headings as set out in paragraph 4.2 of the report.

During the discussion the Committee noted a number of issues arising from the Accounts including the following:

- The General Fund Balance had reduced by £410,000 to £2.510m, primarily due to earmarking £400,000 in a new Government Funding Changes Reserves.
- Earmarked Reserves increased by £70,000 to £2.144m.
- The Council’s capital receipts reduced by £187,000 to £12.293m. due to receipts being used to fund the Council’s capital investment programme.
- The accumulated estimated pension fund deficit now stands at £19.858m.
- With regard to revenue outturn there was a net deficit for the year of £410,000.
- Capital expenditure totalled £872,000 funded by a combination of capital receipts and government grants.
- The Authority increased the amount of cash it holds by £1.87m, primarily due to holding less money in investments and more in cash/bank balances at the year end.
- There was an in year surplus of £211,000 in the Collection Fund giving an overall accumulated deficit as at the 31 March 2013 of £578,000.

**RESOLVED** that the 2012/2013 Accounts be approved and signed by the Chairman of the Committee to signify the completion of the Authority’s approval process.

### 21. EXTERNAL AUDIT RESULTS REPORT (ERNST AND YOUNG)

The Committee considered a report from Ernst and Young LLP setting out the audit results for the year ended 31 March 2013. The report summarised Ernst and Young LLP’s preliminary audit conclusion in relation to the Council’s financial position and results of operations for 2012/2013.

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The Committee were advised by the auditors that no evidence of material misstatement due to fraud or error was found and that there were no issues arising from the audit in relation to value for money.

In the discussion which followed, the Chairman of Audit expressed concern that the auditors were unable to obtain a related party declaration from Councillor M. Denyer.

**RESOLVED** that the report be noted and the Chairman be requested to sign the Letter of Representation.

### 22. AUDIT COMMITTEE WORK PROGRAMME

The Committee received a work programme for future meetings in 2013/2014.

### 23. STANDARDS WORK PROGRAMME

The Committee noted the Standards Work Programme for 2013/2014.

### 24. ANY OTHER BUSINESS

#### Date of next meeting

Following a discussion, the Committee agreed to bring forward the date of the next Audit Committee from 9 January 2014 to 5 December 2013.

**RESOLVED** that the date of the next Audit Committee meeting be changed to Thursday 5 December 2013.

The meeting terminated at 7.35 pm