

AUDIT COMMITTEE

Meeting - 5 December 2013

Present: Mr Hollis (Chairman)
Mr Hardy, Mr Anthony, Mr Bradford, Dr A Dhillon and Mrs Wallis

Also Present: Mr Naylor - (for item 28)
Mr Dobson - (Independent Member)
Chris Harris TIAA - (Internal Auditor)
Sue Gill - Ernst and Young (External Auditor)

25. MINUTES

The minutes of the meeting of the Committee held on 19 September 2013 were confirmed and signed by the Chairman.

26. FARNHAM PARK UPDATE

The South Buckinghamshire Clubhouse project is on course with the Clubhouse due to open around the end of January/beginning of February 2014 and the Committee received a report providing an update on the following issues:

- Catering contract procurement
- Organisational changes for managing the Trust Activities
- IT and Connectivity

In response to a question the Director of Resources emphasised the point made in the report that the ability of the Trust to pay back the loan the Council had advanced would be dependent on the success of the business case and the Trust achieving the key income streams identified therein.

RESOLVED that the report be noted.

27. SUBSCRIPTION TO THE STANDARDS EXCHANGE

The Committee received a report inviting it to consider subscribing to the Standards Exchange a new on line service for members with responsibility for standards issues at an annual cost of £300.

After noting the service they provided and the benefits, the Committee

RESOLVED that the Council to subscribe to the Standards Exchange at an annual cost of £300.

28. CONSIDERATION OF INVESTIGATOR'S REPORT - COUNCILLOR NAYLOR OF BURNHAM PARISH COUNCIL

Following receipt of a complaint from Councillor Davies of Burnham Parish Council that a fellow parish councillor, Councillor Naylor, had failed to comply with the Parish Council's Code of Conduct the Monitoring Officer, after consulting with the Chairman of the Committee and Mr Dobson, one of the Independent Persons, appointed a senior solicitor at Chiltern District Council, Mrs Nawaz, to undertake an independent investigation into the alleged breaches of the Code.

The Committee received a report attaching as an Appendix in Part II the findings of Mrs Nawaz. The report, after summarising the complaint, set out the conclusions that the investigator had reached namely that:

- Councillor Naylor did not breach the Parish Council's 2007 Code of Conduct

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- Councillor Naylor did breach the Parish Council's 2012 Code of Conduct by virtue of his failure to declare a personal and prejudicial interest at the meeting on 10 December 2012

The report went on to set out the response of Councillor Naylor who, whilst accepting the findings, maintained that he had been unaware of the need to declare a personal and prejudicial interest.

Paragraph 6.3 detailed the further action the Committee could take to remedy the breach.

The Investigator was present and answered questions from members on her report.

Following a discussion on the Appendix which took place in Part II the Committee accepted the conclusions of the Investigator as set out above.

With regard to the further action the Committee should take, Councillor Wallis, who asked for her name to be recorded, felt that, whilst there might have been mitigating circumstances, a breach had not only occurred it had been committed by a Councillor who in his capacity as a District Councillor and Cabinet Portfolio Holder was responsible for a budget of £2m. The conduct of Councillor Naylor was unacceptable and there was a risk of damage to reputation to the Parish Council (and by association the District Council) if no action were taken against him. Councillor Wallis then went on to recommend that Councillor Naylor be issued with a reprimand in line with the further action set out in 6.3 a) -c).

A number of other members, including the Independent Person, Mr Dodson, whilst accepting that a breach of the Code had occurred, felt that the further action should be appropriate and in proportion to the nature of the breach in question which they also felt was of a minor nature.

Following a debate on what further action would be deemed appropriate and proportionate and in particular noting that Councillor Naylor was acting in his capacity as a Parish Councillor when the breach occurred, the Committee supported the option set out in paragraph 6.3.a) following which it was

RESOLVED that-

1. the conclusions of the Investigator as set out in the Appendix and summarised above be accepted.
2. the findings be referred to Burnham Parish Council in accordance with paragraph 6.3a) of the report with an informative reminding them of the importance for their members to declare personal and prejudicial interests

(Councillor Wallis asked for her dissent from this resolution to be recorded)

29. 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 for 2013/14 as well as the progress against the annual plan for 2013/14.

After a member had outlined the difficulties they had experienced in obtaining information about the Council's car parks the Committee supported a proposal to include an evaluation of the adequacy, reliability and effectiveness of information systems and controls in the forthcoming Internal Audit on Car Parking Management.

RESOLVED that the progress against the Internal Audit Plan and findings from the Internal Audit work be noted and the proposal set out above be included in the up-coming Internal Audit on Car Parking Management.

30. INTERNAL AUDIT COMPARISON OF ASSURANCE LEVEL

Following the request made at the last meeting the Committee received a report from TIAA providing a comparison of assurance levels for the various systems audited between the years 2011/12 and 2012/13 as set out in a table in paragraph 2 of the Appendix.

Whilst the trend for the main financial systems audits had been predominantly from “Substantial” in 2011/13 to “Reasonable” in 2012/13 the Committee was satisfied with the explanation that this had arisen following the change in internal auditors rather than through an overall weakening of controls within the financial systems.

After receiving an assurance that the issue would be kept under review by TIAA and that a further comparison would be produced once the 2012/13 audits had been completed the Committee,

RESOLVED that the report be noted.

31. EXTERNAL AUDIT LOCAL GOVERNMENT SECTOR UPDATE

The Committee noted an article from the Government and Economic News highlighting a number of issues including the Spending Review 2013.

32. FARNHAM PARK PUBLIC FACILITIES - ANNUAL REPORT AND ACCOUNTS

The Committee received a report seeking approval to the Farnham Park Public Facilities Annual Report and Accounts for 2012/13 in accordance with the authority delegated to it by Council on 9 December 2008.

The report, after explaining the background to the Trust and the Council’s responsibilities as Trustee, set out amongst other things:

- The legislative background;
- The different accounting methodologies used in compiling the Statement of Accounts
- The Trustee’s Annual Report
- The Statement of Financial Activities
- The Balance Sheet

The report also set out the value of the Trust’s assets and the Committee noted that the late circulation of the report had arisen because of the need to revalue the assets, an exercise that had only been completed in the last week.

During the discussion that ensued on the ability of the Trust to repay the loan that the Council had advanced, the importance of achieving the income streams set out in the business case was again emphasised and the Director of Resources explained the management arrangements that were being established, including the setting up of a Panel comprising members and officers, to oversee and monitor performance.

In recognition of the delay in circulating the report the Head of Finance invited members to forward any further comments they may have to him after the meeting.

The Committee noted that the external auditors may request further minor changes and after referring to the proposed arrangement for securing formal approval, the Chairman undertook to circulate the accounts to members prior to signing them.

RESOLVED -that the Annual Report and Accounts be approved, subject to any further changes that may be required by the external auditor and authority be delegated to the Chairman to sign the Annual Report and Accounts to signify the completion of the Charitable Trust’s approval process.

33. HARMONISED CONTRACTS PROCEDURE RULES

The Contracts Procedure Rules of both South Bucks and Chiltern District Council have been reviewed with the aim of harmonising them as far as possible across both Councils and the Committee considered a report setting out the result of this review. Appendix 1 of the report set out the proposed changes whereas Appendix 2 summarised the most significant changes.

Referring to A6 Exemptions members felt that all exemptions should be reported to Cabinet.

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The review would be considered by the Audit Committee at CDC on 2 January 2014 and members were advised that a further report would be submitted in the event of CDC's Audit Committee recommending significant changes to the proposals.

RECOMMENDED to Council that, subject to (i) the inclusion of the above amendment relating to Exemptions and (ii) the concurrence of Chiltern District Council the revised and harmonised Contracts Procedure Rules be approved.

34. AUDIT WORK PROGRAMME

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

35. STANDARDS WORK PROGRAMME

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

36. EXCLUSION OF PUBLIC

“that under Section 100A(4) of the Local Government Act 1974 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act “

Consideration of Investigator's Report - Councillor Naylor of Burnham Parish Council.

The Committee considered the Part II Appendices referred to in Minute 28.

The meeting terminated at 7.40 pm