

AUDIT COMMITTEE

Meeting - 29 September 2016

Present: Mr Bradford (Chairman)
Mr D Smith, Mr Hogan, Mr Hollis and Mr Sangster

Apologies for absence: Mrs Gibbs

15. MINUTES

The minutes from the meeting of the 28 June were confirmed and signed by the Chairman.

16. EXTERNAL AUDIT RESULTS REPORT

The Committee received the Annual Results Report by Ernst & Young which summarised the findings of the financial statements of the Council for the year ended 31 March 2016.

The Committee were advised by Ernst & Young that by the end of the evening's Committee, they would be able to issue an unqualified opinion on the accounts, and that with regards to Value for Money, the Council has made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Discussion was had around the mechanism for valuation of specialist assets, with Ernst & Young clarifying that a range of methodology was available for this use, and that they had concluded that the methodologies used were acceptable.

It was therefore **RESOLVED** that the Chairman of the Audit Committee be authorised to sign and date the Letter of Representation.

17. JOINT ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY AND JOINT PROTECTED DISCLOSURE POLICY

The Audit Committee received a report containing updates to the Joint Anti-Fraud, Bribery and Corruption Policy and the Whistleblowing Policy.

The Committee noted that the Whistleblowing policies and procedures underpinned the Anti-Fraud and Corruption Policy and had been renamed as the Joint Protected Disclosure Policy, in order to disassociate it from any historical stigma whilst simultaneously reinforcing the confidentiality of any concerns.

The Audit Committee therefore **RESOLVED** the adoption of the following policies:

1. Joint Anti-Fraud, Bribery and Corruption Policy
2. Joint Protected Disclosure Policy

18. **COMPLAINTS MONITORING PROCEDURE**

Members of the Audit Committee received the annual Complaints Monitoring Report for 2015/16, containing details of Members who have breached the code of conduct, as well as complaints made against town and parish councils.

In 2015/16, no formal complaints were received about SBDC Members, with one complaint being made against a town council. An informal complaint was received regarding a District Councillor, but was in regards to conduct not covered by the Council's Complaints Procedure. Another complaint was raised concerning the conduct of a parish councillor, but was not pursued by the complainant.

In regards to the formal complaint in relation to a town councillor, the Monitoring Officer determined that the complaint should not be submitted for investigation under Stage 2 of the Complaints Procedure after discussions with the Independent Person and the Chairman of Planning Committee, but made informal recommendations on procedural matters to the town council. The decision was subsequently published on the SBDC website.,

It was **RESOLVED** by the Committee that the report be noted.

19. **APPOINTMENT OF INDEPENDENT MEMBER**

A report was brought to the Committee that considered the arrangements and sought the agreement of the Audit Committee to re-advertise the vacancy for an Independent Person, with an amended role description reflecting new requirements to involve Independent Persons in dismissal procedures for statutory officers. Members indicated that if the second advertising exercise was unsuccessful consideration be given to offering a small retainer payment.

Members noted that the Council endeavoured to have two Independent Persons in order to ensure that there was adequate cover.

Further to the report, the Committee **RESOLVED**:

- To re-advertise for an Independent Person to fill the current vacancy
- That the role description and person specification set out in Appendix 1 be approved for recruitment purposes
- That the Director of Resources in consultation with the Chairman of Audit Committee and the Monitoring Officer be authorised to make a recommendation for appointment to Full Council following receipt of applications and interviews.

20. **FINAL 2015/16 STATEMENT OF ACCOUNTS**

In accordance with the Account and Audit Regulations, the Final Statement of Accounts for 2015/16 was presented to the Audit Committee for approval by 30 September 2016.

The Committee were advised that the external auditors had completed their audit and had no further changes to make to the accounts.

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

- The General Fund Balance had increased by £2,488,000 to £4,350,000 which was primarily due to adjustments relating to retained income from Non Domestic Rates.
- Earmarked Reserves decreased by £599,000 to £3,026,000.
- The Council's capital receipts reduced by £,1162,000 to £6,089,000 due to receipts being used to fund the Council's capital investment programme.
- The pension fund deficit decreased by £2,583,000, with the accumulated estimated pension fund deficit standing at £25,370,000.
- Capital expenditure totalled £1,538,000, funded by a combination of capital receipts and government grants.
- The Authority decreased the amount of cash that it holds by £1,732,000.

It was noted by Members that the outturn position was better than forecast, which will help the authority in the short term, but will not negate the longer-term funding challenges. Members also thought it may be prudent to spread depreciation of assets over a number of years, and to set money aside for when the assets required replacing.

It was accordingly **RESOLVED** that:

- The accounts be approved by the Audit Committee and signed off by the Chairman to signify the completion of the Authority's approval process.

21. INTERNAL AUDIT PROGRESS REPORT

The Committee considered an Internal Audit progress report from TIAA, including details of the status of the 2015/16 Audit Plan, the changes to the annual plan 2015/16, as well as progress against the annual plan for 2015/16.

Discussion was entered into by Members in regard to the ICT Update 2015/16 audit. The recent level of performance by this contractor has been unsatisfactory, and the matter has been escalated to Director level. The Director of Resources assured the Committee that he was now involved in the matter, and would keep Members updated of the options he would take and the progress to improve the service.

It was **RESOLVED** by the Committee that the progress against the Internal Audit Plan and findings arising from the Internal Audit work be noted.

22. COMPARISON OF IA ASSURANCE LEVELS

The Committee received a report from TIAA providing a comparison of assurance levels for the various systems audited between the years 2012/13 to 2015/16 as set out in a table in paragraph 2 of the report.

The Committee were advised that at this time there was no indication that the overall control framework at South Bucks had reduced as a result of the joint working with Chiltern Council and the transformation arising from the service reviews. Further trends would be undertaken at the end of 2016/17 financial year.

RESOLVED that the report be noted

23. **FARNHAM PARK CHARITABLE TRUST STATEMENT OF ACCOUNTS 2015/16**

Members considered a report requesting that the Audit Committee approve the Farnham Park Charitable Trust Annual Report and Accounts for 2015/16.

The Committee were advised that the external auditors had completed their audit and had no further changes to make to the accounts, with the report setting out amongst other things the Trustee's Annual Report, the Statement of Financial Activities and the Balance Sheet.

In response to concerns over the performance of the Financial Trust, the Director of Resources explained that the Academy was now closed and that the use of the Playing Fields was being reviewed in the light of the Council's developing Open Space Leisure Strategy.

A member suggested that due to the concerns raised over loss of income, and a £38,000 variance in expenditure, that the Farnham Park Trust be brought as an agenda item to the Overview and Scrutiny Committee on 30 January 2017.

The Committee **RESOLVED** to approve the Annual report and Accounts for 2015/16 for the Chairman to sign in order to signify the completion of the Charitable Trust's approval process.

24. **FARNHAM PARK CHARITABLE TRUST AUDIT RESULTS REPORT**

The Committee received the Management Report to the Trustee, prepared by Wilkins Kennedy, setting out their findings and recommendations on various matters which came to their attention during the course of the audit of the Charity Accounts of Farnham Park Sports Field for year ended 31 March 2016.

The Committee were advised by the auditors that they anticipate issuing an unqualified audit opinion for the year ended 31 March 2016 for the Charity, following receipt of approved accounts signed on behalf of the Trustee, and receipt of a signed letter of representation. Wilkins Kennedy also expressed that all opinions given within the report had been done so based on the continued support of the Charity by the Council.

RESOLVED that the Chairman of the Audit Committee be authorised to sign and date the Letter of Representation.

25. **WORK PROGRAMME**

The current work programme was noted by the Committee.

26. **ANY OTHER BUSINESS**

None.

The meeting terminated at 7.23 pm