

AUDIT COMMITTEE (SBDC)

Meeting - 28 September 2017

Present: D Smith (Chairman)
D Anthony and G Hollis

Apologies for absence: R Sangster

15. MINUTES

The minutes of the meeting held on 5 July 2017 were confirmed and signed by the Chairman.

16. DECLARATIONS OF INTEREST

There were no declarations of interest.

17. ANNUAL REVIEW OF CODE OF CONDUCT AND COMPLAINTS PROCEDURE

The Committee considered whether the code of conduct and complaints procedures adopted by the Council in accordance with the Localism Act in 2011, remained fit for purpose. The Committee were advised that it was good practise for the Council to review its adopted policies and procedures on a regular basis to ensure they remained relevant and effective. The annual review had been brought forward following comments made by the Local Government Ombudsman in a recent decision.

The Committee was advised that the monitoring officer had reviewed the current complaints procedure in the light of best practise elsewhere and the revisions as set out in section 3.12 of the report had been recommended.

The monitoring officer reported that failure to declare disclosable pecuniary interests was an offence under section 34 of the Localism Act. Complaints that a Member may have failed to disclose a DPA are investigated by the police. In consultation with the Economic Crime Unit at Thames Valley Police and with other monitoring officers in Buckinghamshire the draft protocol attached at Appendix 3, Annex 7 was recommended for dealing with complaints.

The Committee agreed that the monitoring officer pursue the feasibility of calling upon a duly appointed Independent Person from another authority in Buckinghamshire whose input could be sought should both the Council's own independent persons be unavailable due to illness or a conflict of interest.

Following a detailed discussion, it was **RESOLVED** by the Committee that:

1. The code of conduct remained fit for purpose.
2. The arrangements for dealing with complaints be revised as set out in Appendix 3.
3. The revised assessment criteria at Appendix 3, Annex 3 be agreed.

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4. The proposed procedure for Hearing Committees at Appendix 3, Annexes 5 and 6 be agreed.
5. The draft protocol with Thames valley Police at Appendix 3, Annex 7 for reporting alleged breaches of disclosable pecuniary interests be noted.
6. The Monitoring Officer in consultation with the Chairman of the Committee and the Independent person be authorised to agree the final version of the protocol.

18. COMMITTEE ON STANDARDS IN PUBLIC LIFE ANNUAL REPORT

The Committee considered the Committee for Standards in Public Life (CSPL) Annual Report for 2016-17 and it's Forward Plan for the coming year.

It was **RESOLVED** by the Committee that:

1. The report be noted.
2. No formal submission of comments from the Audit Committee be required.

19. GUIDANCE FOR COUNCILLORS AND OFFICERS ON OUTSIDE BODIES

The Committee considered a report on proposed guidance for members and officers who were appointed to outside bodies. The guidance was to ensure high ethical standards were maintained and that members and officers were aware of their responsibilities and duties when they were appointed to outside bodies.

The draft guidance note appended to the report set out the most important responsibilities and issues. Should any member or officer have any particular query it was recommended that they contact the Head of Legal and Democratic Services.

During discussion, the Committee was advised that with any local authority wholly owned company it was expected that any potential areas of conflict would be identified in that company's particular business plan and a protocol implemented at that time to mitigate the risk.

It was **RESOLVED** that the Guidance Note attached to the report as an appendix be agreed.

20. STANDARDS WORK PROGRAMME

It was **RESOLVED** that the Standards Work Programme be noted.

21. INTERIM PROGRESS REPORT ON INTERNAL AUDIT

The Committee considered an Internal Audit progress report from TIAA. Changes made to the audit plan for 2017/18 were noted on page 99 of the agenda pack. The ICT audit plan for 2017/18 was now set out in the report and Risk Management training for officers was to take place in October / November 2017. The intention was for as many of the internal audits to be finalised before 31 March 2018 as far as practical.

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The Committee were advised that due to the fairly limited sales at the golf club shop and the bar being well managed at Farnham Park it was no longer felt that an internal audit needed to take place annually to look at these areas.

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

22. FOLLOW UP OF INTERNAL AUDIT RECOMMENDATIONS REPORT

The Committee considered a follow up of Internal Audit recommendations report from TIAA.

None of the recommendations were said to be concerning and positive progress was reported. 40 recommendations were being implemented, 3 were in the process of being implemented and 4 had a revised target date. A further fifteen had not yet reached their implementation date.

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

23. COMPARISON OF ASSURANCE LEVELS

The Committee received comparison of assurance levels which dated back to 2012/13. It was summarised that a positive trend remained and officers' good work was recognised by the Committee.

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

24. INTERNAL AUDIT - ASSURANCE REVIEW OF TEMPORARY ACCOMMODATION

The Committee considered an assurance review of temporary accommodation audit report from TIAA. The executive summary could be seen on page 134 of the agenda pack and the overall assurance level was said to be 'reasonable'.

It had been highlighted in a recent report of the National Audit Office that nationally there had been an upturn in cases where Local Authorities accepted a duty to accommodate. The Local Government Ombudsman was placing fines on Local Authorities who had been extending the use of B&B use.

A Task and Finish group of the Overview & Scrutiny Committee had been established to look into the management of temporary accommodation, following concerns about levels of arrears and write offs related to this area.. The Committee were encouraged to look at the report and attend the Overview and Scrutiny Committee on 16 October 2017 when the report of the group would be discussed.

The number of homelessness cases where the council had a duty to accommodate had substantially increased from 2013/14 to 2015/16 and longer was being spent in nightly accommodation before suitable move on accommodation was available. The Committee was advised that in 2018/19 Parliament was intending to bring into force a new homelessness reduction act which could also bring in further procedures that affect the Council. Schemes were being explored including a private rented leasing scheme and developing council owned assets in an attempt to end nightly B&B costs as much as practicable.

The Committee discussed whether those choosing not to pay the Council charge of £25 per week could be seen as making themselves intentionally homeless and were advised that as a Local Authority the Council had legal responsibilities to provide accommodation. It was clarified that tenants were expected to pay £25 per day with housing benefit of a maximum £150 per week reducing the charge to a net £25 per week. However, if upon assessment an individual was not paying the charge when there were no circumstances preventing their payment of the charge, ending the duty to provide accommodation could be considered. Each case would be dealt with on its own merit.

The Committee were advised that systems were now in place to ensure that anyone going into temporary accommodation would have a housing benefit application completed alongside a Housing Officer. It was acknowledged that housing benefit would not cover the full debt but would bring in some funds to offset costs. There had historically been issues with clients' documentation holding the payment of this benefit; however a housing officer would now follow this up. It was confirmed that housing benefit was paid direct to the Local Authority to offset the costs incurred by the Local Authority.

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

25. EXTERNAL AUDIT RESULTS REPORT

Andrew Brittain and Sue Gill presented the external audit results report for the year ended 31 March 2017. The executive summary covered the key areas and the Committee was pleased to be informed that all procedures carried unqualified opinions and no significant issues were discovered.

There were no audit issues in relation to revenue recognition, management override and property valuation. It was explained to members that following EY Pensions team and PwC's review of the actuary's work there was no indication of management bias found in the actuary's estimate. Barnett Waddingham were aware that that the major accountancy firms did have concerns around their methodologies used to derive the discount rate and RPI inflation assumptions. Further discussions between Barnett Waddingham and the four accountancy firms were to be held to avoid the possibility of unacceptable assumptions being made in future years, which may give risk to issues being raised in audit letters.

The external audit team were able to confirm that the timetable for the preparation and approval of accounts was to be brought forward for the 2017/18 financial year and draft accounts would need to be prepared by 31 May 2018 and the publication of the audited accounts by 31 July 2018. The Committee was pleased to be advised that these timescales were worked to this year successfully which puts the officers and audit team in a positive position for this change next year.

The audit fee was discussed with Members. There was no proposed fee listed for the grant certification fee as this element depended on how much work was required although the Committee was advised that it was not estimated to be significantly different from previous years.

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The Finance Department were thanked for producing a high quality set of working papers and Ernst and Young were grateful for the cooperation in bringing the timetable forward in preparation for next year.

It was **RESOLVED** that the content of the External Audit results report be noted and the Management Representation letter be signed by the Director of Resources and the Chairman of the Audit Committee.

26. STATEMENT OF ACCOUNTS 2016/17

In accordance with the Account and Audit Regulations, the Final Statement of Accounts for 2016/17 was presented to the Audit Committee for approval.

The following key points were highlighted to the Committee:

- The net cost of services was now shown by portfolio and had reduced from £9.9 million last year to £7.4 million.
- Earmarked reserves increased by £3.6m, mainly due to in year contributions to reserves relating to section 106 commuted sums.
- In terms of cashflow the authority decreased the amount of cash (and cash equivalents) that it holds by £373k.
- The revenue support grant of £436k would be £57k next year then would cease altogether.
- The pension deficit increased by £6.1m, mainly linked to actuarial assumptions such as the change to the discount rate.
- Revaluation reserve balance increased by £5.1m due to revaluations, largely linked to Council owned car parks.
- In relation to Movement in reserves the general fund balance had reduced by £1.4m.
- A pool had been formed with AVDC, Chiltern District Council and Bucks Fire to reduce the amount of the business rate growth levy. The levy payable was £186k which was a saving of £71k.

It was **RESOLVED** that the accounts be approved by the Audit Committee and signed by the Chair of the Audit Committee to signify the completion of the Authority's approval process.

27. FARNHAM PARK CHARITY - OUTTURN & ACCOUNTS 2016/17

Members received and considered a report containing information on the financial outturn for the Charity's activities in 2016/17, and to formally present the Charity's financial accounts for the year.

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

The Committee was pleased to note the improving performance of the golf side of the operation.

The level of income that was hoped to be achieved through weddings was unlikely to materialise due to the size of the facility with people often liking the venue but being

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deterred by the limit on guests. The Committee was advised that changes had been made to the Oak room to make it a much more acceptable venue.

It was explained that the main element of the deficit had arisen from the Playing Fields which was why the Council were actively looking at options to reconfigure the facilities provided in order to improve them and make the Playing Fields more financially sustainable. The existing buildings would not be refurbished as they were at the end of their useful lives; rather it was likely that the buildings would be consolidated into a single more efficient fit for purpose building, with some income generation potential.

It was **RESOLVED** that

1. The report be noted.
2. The Audit Committee formally approve the 2016/17 accounts.

28. MANAGEMENT REPORT - FARNHAM PARK SPORTS FIELDS

The Committee received the Management Report, 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 Fields for year ended 31 March 2017 as outlined in the report.

It was **RESOLVED** that the Chairman of the Audit Committee be authorised to sign and date the Letter of Representation on behalf of the Charity Trustee.

29. ANY OTHER BUSINESS

There was no other business at this point.

30. AUDIT WORK PROGRAMME

It was **RESOLVED** that the Audit Work Programme be noted.

The meeting terminated at 8.05 pm