

AUDIT COMMITTEE

Meeting - 18 June 2015

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

Apologies for absence: Mrs Gibbs and Mr Hollis

4. AUDIT COMMITTEE BRIEFING

The Head of Finance provided a presentation to members of the Audit Committee to outline the remit and role of Committee, which was to provide a clear focus on audit, accounting and control issues in line with best practice. Members were advised that the remit of the Audit Committee was set out in Part 3 (Responsibility for Functions) of the Constitution.

The Audit Committee's key responsibilities were in relation to:-

- Risk Management – the risk management policy of South Bucks District Council was to adopt best practices in the identification, evaluation and cost effective control of risks to ensure that they are eliminated or reduced to an acceptable level.
- Assurance Statements – the Audit Committee had responsibility to review any assurance statement that the Authority issues, and it was noted that the only such statement was the Statement of Corporate Governance.
- Audit Arrangements – each local authority was required by statute to have two sets of auditors, and these report directly to the Audit committee:-
 - Internal Audit
 - External Audit
- Statement of Accounts – which are designed to provide comprehensive financial information about an organisation; and the Audit Committee has been given responsibility for reviewing and approving the Statement of Accounts on behalf of the Authority.

The Head of Finance provided a full briefing to members on the key responsibilities and provided information on obtaining further details relating to audit committee issues i.e.:

- CIPFA Guide – Audit Committees – Practical Guidance for Local Authorities
- CIPFA Guide – Councillor's Guide to Local Government Finance
- SBDC Code of Corporate Governance
- SBDC Risk Management Policy Statement

Members were provided with the opportunity to ask questions.

5. MINUTES

The minutes of the meeting of the Committee held on 12 March 2015 and 26 May 2015 were confirmed and signed by the Chairman.

6. COMPLAINTS MONITORING REPORT 2014/15

The Committee considered the Complaints Monitoring Report which advised of formal complaints received by the monitoring office in 2014/15 financial year that members had

breached the code of conduct. There had been no complaints received in respect of District councillors.

RESOLVED that the complaints information for 2014/15 be noted.

7. REVIEW OF STANDARDS TRAINING FOR NEW MEMBERS

The Head of Legal and Democratic Services presented a report on the induction and training provided for new councillors on standards matters following the elections in May.

RESOLVED that

- i) the position be noted;
- ii) the Monitoring Officer arrange an interactive workshop on declarations of interest and pre-determination jointly with members of Chiltern District Council; and
- iii) further standards training for members be arranged as required.

8. APPOINTMENT OF INDEPENDENT MEMBER - UPDATE

The Head of Legal & Democratic Services updated members on the need to re-advertise for the appointment of an Independent Member for the Audit Committee due to a lack of interest in the vacancy recently advertised. It was noted that the position had an allowance of £230 per annum plus travelling expenses was payable. The Committee would be kept informed of progress on this matter.

RESOLVED that the Head of Legal and Democratic Services arrange for the vacancy for an Independent Member to be re-advertised.

9. STANDARDS WORK PROGRAMME

The Committee considered the Standards work programme for 2015/16.

RESOLVED that the standards work programme for 2015/16 be approved.

10. PROPOSED AMENDMENTS TO THE FINANCIAL PROCEDURE RULES

The Head of Finance presented the report to members on the proposed amendment to the Financial Procedure Rules relating to debt write offs. The changes would harmonise these rules across the two authorities.

RECOMMENDATION TO COUNCIL:

That the Financial Procedure Rules are amended to bring the financial limits applying to the write off of irrecoverable debts in line for both Chiltern District Council and South Bucks District Council, as detailed below:

Up to £1,000	The Head of Finance has the power to write off irrecoverable debt up to £1,000
Up to £10,000	The Director of Resources has the power to write off irrecoverable debts up to the value of £10,000. The Head of Customer Services has the power to write off irrecoverable Council Tax debts, Non Domestic Rates debts and Housing Benefit / Council Tax Support Overpayments up to the value of £10,000

Over £10,000	The Cabinet has the power to write off irrecoverable debts over £10,000
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11. INTERNAL AUDIT PROGRESS REPORT

The Committee considered an Internal Audit Progress Report from TIAA which provided an update on the progress of Internal Audit work at South Bucks District Council as at 13 May 2015. The report outlined progress against the Annual Plan for 2014-15.

It was reported that no emerging risks had been identified which could impact on the overall effectiveness of the governance, risk and internal control framework of the Council. The action plans and management responses to the audit work for priority 1 and 2 recommendations for the period from 21 February 2015 to 13 May 2015 were highlighted, and detailed in Appendix B.

The report included details of audits carried out since 12 March 2015 and specific changes to the Annual Plan 2014/15 as follows:-

- An audit from 2013/14 (Environmental Services – 2013/14) had had additional work undertaken at the request of the client in 2014/15.
- Community Grants had now been cancelled for the 2014/15 plan and will be undertaken in 2015/16, which had arisen due to the timing of Grants and the reorganisation of the services
- Data Protection and Freedom of Information were to become two audits. Due to system changes this audit had been cancelled from the 2014/15 audit plan. The Freedom of Information audit will take place during 2015/16.

In response to questions in relation to the monitoring of write offs, the Committee was advised that the process for recovery of council tax and business rate debt was prescribed in regulations and these were adhered to prior to approving a write off.

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

12. INTERNAL AUDIT ANNUAL REPORT

The Committee considered the Internal Audit Annual Report by the TIAA which outlined the internal control environment at South Bucks District Council. The report summarised the outcomes of the reviews carried out on the organisation's framework of governance, risk management and control; and was designed to assist the Council in making its annual statement of internal controls assurance.

The Head of Audit's Annual Opinion reported satisfaction that sufficient internal audit work had been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of South Bucks District Council's risk management, control and governance processes. South Bucks District Council had adequate and effective management, control and governance processes to manage the achievement of its objectives.

RESOLVED that the Internal Audit Annual Report and Head of Audit's Annual Opinion be noted.

13. **EXTERNAL AUDIT ANNUAL FEE LETTER 2015/16**

The Committee received a letter from Ernst & Young LLP which confirmed the audit and certification work that was proposed to be undertaken for the 2015/16 financial year at the Council.

The letter detailed the indicative audit fee which reflected the risk based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies, and which applied from 2015/16 audits. The letter also advised of the indicative certification fee for 2015/16 which related to work on the housing benefit subsidy claim for the year ended 31 March 2016 including a summary of fees.

The Committee were advised that Ernst & Young were to issue an audit plan in March 2016, which was to communicate any significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee.

RESOLVED that the External Audit Annual Fee Letter 2015/16 be noted.

14. **EXTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report from Ernst & Young which summarised the work done to date on the 2014/15 audit, and was to ensure that the audit was aligned with the Committee's service expectations.

RESOLVED that the External Audit Progress Report be noted.

15. **UNDERSTANDING HOW THE AUDIT COMMITTEE GAINS ASSURANCE FROM MANAGEMENT**

The Committee received a report which outlined the response to the External Auditor's request for information on how the Audit Committee gained assurance from Management.

RESOLVED that the proposed response to the External Auditor letter, requesting information on how the Audit Committee gained assurance from Management, be agreed.

16. **ANNUAL GOVERNANCE STATEMENT**

The Committee considered the report which provided Members with sufficient evidence to:

- Conduct the statutory review of the effectiveness of the Authority's Governance Framework / system of internal control; and
- Approve the statutory Annual Governance Statement for 2014/15

RESOLVED that

- i) the assurances provided were reviewed;
- ii) following consideration, no significant gaps in control / assurance had been identified; and
- iii) the Annual Governance Statement be approved.

17. **AUDIT WORK PROGRAMME**

The Head of Finance presented the Audit Committee Work Programme and the Committee was asked to consider whether there were any items to add or move within the proposed work programme.

RESOLVED that the Audit Work Programme be noted; with no proposed changes.

18. **ANY OTHER BUSINESS**

There was no further business.

The meeting terminated at 6.36 pm