

AUDIT AND STANDARDS COMMITTEE

Meeting - 10 July 2019

Present: G Hollis and P Hogan

Apologies for absence: D Anthony and R Sangster

3. MINUTES

The minutes of the Audit and Standards Committee held on 9 April and 14 May 2019 were approved and signed by the Chairman as a correct record.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. CODE OF CONDUCT AND COMPLAINTS PROCEDURE FOR BUCKINGHAMSHIRE COUNCIL AS A SHADOW AUTHORITY

The Committee received a report about the standards arrangements in place for Members during the Shadow Authority period for Buckinghamshire Council. The Monitoring Officer reported that the Buckinghamshire (Structural Changes) Order 2019 provided that Part 7 of the Localism Act 2011 which dealt with standards applied in relation to the Shadow Authority, as if it were a district council. The Shadow Authority was therefore required to promote and maintain high standards of conduct and to adopt a code dealing with the conduct that was expected of its Members when they were acting in that capacity. The South Bucks District Council code would still apply to District Council matters until April 2020 when the Shadow Authority code would apply until a new code was adopted by the new Buckinghamshire Council after the elections in May 2020.

Members noted that the code contained 7 general obligations (Nolan) as to Member conduct and the statutory requirement to disclose pecuniary interests was included but a lighter touch was adopted in relation to the disclosure of other personal and prejudicial interests, which reflected the fact that the Shadow Authority had no regulatory functions.

RESOLVED that the report be noted.

6. CODE OF CONDUCT COMPLAINTS MONITORING REPORT 2018/19

The Committee received a report about complaints received by the Monitoring Officer during the financial year 2018/19 claiming that Members had breached the code of conduct.

The Monitoring Officer reported that historically the overall number of formal complaints about councillors in South Bucks District had been low. However, over the last two financial years there had been an increasing number of complaints about SBDC councillors. The complaints about town/parish councillors (which in 2017/18 related to a particular planning application) had reduced slightly in the last year. In 2018/19 there were six complaints against South Bucks District (compared to four last year) and four against Town and Parishes (compared to 5 last year). Members noted that 5 of the complaints about SBDC councillors in 2018/19 related in some way to the Council's proposed development of the car park in Station Road, Gerrards Cross. Four of the complaints were assessed at Stage 1 as disclosing no potential breach of the Code and one was determined as requiring no further action at Stage 2. With regard to complaints against town/parish councillors, 3 related to one parish council and were being assessed at Stage 2. One complaint was dealt with at Stage 1.

In relation to one particular complaint the Deputy Monitoring Officer identified a need to consider clarifying the circumstances when a District Councillor had a prejudicial interest under Paragraph 8 of the Code. Part 8 of the Code could be ambiguous in that it referred to decisions and actions taken by the Policy Advisory Groups (PAGs). However, PAGs were not decision making bodies and it was recommended that reference to PAGs in paragraph 8 was removed.

A Member asked if there was any conflict of interest between sitting on the PAG and being a Member of Overview and Scrutiny Committee (OSC). The Monitoring Officer reported that there was no conflict of interest and that the constitution (Protocol for the operation of PAGs) stated that to strengthen the relationship between the PAGs and the OSC each PAG would include at least one Member from the OSC.

RECOMMENDED that paragraph 8 of the Code of Conduct be amended to remove the reference to Policy Advisory Groups.

7. STANDARDS WORK PROGRAMME

The Committee received the Standards Work Programme.

RESOLVED that the Standards Work Programme be agreed.

8. FOLLOW UP REVIEW OF 2018/19 INTERNAL AUDIT RECOMMENDATIONS

The Committee received the follow up review of 2018/19 Internal Audit recommendations. The Internal Auditor reported that for the 22 recommendations that have been confirmed as implemented, no further action was necessary. In relation to the two recommendations classified as outstanding, both related to recommendations which had not yet reached their implementation date and they would continue to be periodically monitored.

RESOLVED that the report be noted.

9. **INTERNAL AUDIT PROGRESS REPORT 2019/20**

The Committee received the Internal Audit Progress Report 2019/20. The Internal Auditor reported that Appendix A showed the progress that had been made and identified those Audits which were still in draft and those that had been finalised. Appendix B shows progress against the Annual Plan for 19/20 and that a good start had been made with audits expected to be completed by end of December 2019. Appendix C showed Priority 1 and 2 recommendations. There was one report relating to procurement where inconsistencies had been highlighted in the approach with framework agreements. The recommendation was to develop guidance relating to the use of frameworks however, this was unlikely to be a priority to address due to the move to the new Buckinghamshire Council. Also, any work outstanding would be transitioned over to the new Buckinghamshire Council.

A Member referred to contracts under signature and whether they would be able to be completed because of the transition to the new Buckinghamshire Council. Contacts under seal have a longer indemnity period. The Internal Auditor reported that he would investigate this and provide a written response to Members.

RESOLVED that the report be noted.

10. **EY ANNUAL ASSURANCE LETTER**

The Committee received a report on the response to the External Auditor's request for information on how the Audit and Standards Committee gained assurance from Management. As part of this they formally requested that the Section 151 Officer, the Monitoring Officer and the Chairman of the Audit and Standards Committee provide written responses to various questions about the Council's management process.

The Head of Finance reported that from April 2020 the existing functions of the Council would still continue and the new Buckinghamshire Council would adopt these as a going concern for accounting purposes.

Members noted that the Chairman of the Audit and Standards Committee would sign the formal response.

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

11. **EY ANNUAL AUDIT FEE LETTER 19/20**

The Committee received the External Auditors Annual Audit Fee Letter 19/20. The External Auditor reported that for this financial year, the Public Sector Audit Appointments (PSAA) had set the scale fee for each opted in body and following

consultation on its Work Programme and Scale of Fees, PSAA had maintained scale audit fees at the same level as for 2018/19.

RESOLVED that the report be noted.

12. **APPROVAL OF DRAFT ACCOUNTS**

The Committee received the draft 2018/19 Statement of Accounts for Members to review. Each year the Authority was required to produce a formal Statement of Accounts document in accordance with the Accounts and Audit Regulations.

The Head of Finance reported that the key movements in the Council's usable reserves were as follows:-

- The General Fund Balance increased by £793,000 to £3,193,000 which was mainly due to adjustments relating to retained income from Non-Domestic Rates.
- Earmarked reserves decreased by £3, 639,000 to £1,602,000 which was mainly due to use of reserves to finance capital expenditure.
- The Authority's Capital Receipts reserve were fully utilised in 18/19 which was due to receipts of £359,000 being used to fund the capital investment programme.

In terms of the Council's unusable reserves the Pensions deficit decreased by £1,851,000 and the accumulated estimated Pension deficit now stood at £28,378,000. The Head of Finance reported that the liability with regard to the Pension Fund would be higher (0.6%) than estimated due to a recent legal case (the McCloud case).

The Head of Finance informed Members that this was the first year that Consilio was part of the SBDC Group accounts as a Travelodge had been purchased by Consilio. The new Buckinghamshire Council would need to decide whether it would still wish to support Consilio and if so how to fund the company.

A Member referred to the Local Development Fund on page 140 of the agenda and to the balance at the end of March 2019 of £377,000 and the Section 106 Housing reserve at £1 million. The Head of Finance reported that Section 106 monies had a prescribed usage. In terms of the new Buckinghamshire Council a decision would need to be taken whether this money would be used for South Bucks District only or for the whole Council area. There was also the Community Infrastructure Levy to consider.

The Head of Finance informed Members that this was the first year that Consilio was part of the SBDC Group accounts as a Travelodge had been purchased by Consilio. The new Buckinghamshire Council would need to decide whether it would still wish to support Consilio and if so how to fund the company.

A Member referred to the Local Development Fund on page 140 of the agenda and to the balance at the end of March 2019 of £377,000 and the Section 106 Housing reserve at £1 million. The Head of Finance reported that Section 106 monies had a prescribed usage. In terms of the new Buckinghamshire Council a decision would need to be taken whether this money would be used for South Bucks District only or for the whole Council area. There was also the Community Infrastructure Levy to consider.

RESOLVED that the draft accounts be noted.

13. RESCHEDULING OF EXTERNAL AUDIT OF ACCOUNTS

The Committee received the letter from the Public Sector Audit Appointments on the need to reschedule the external audit because of high levels of attrition and difficulties in recruiting staff who would deliver audits that met the required quality standard. The deadline for Member approval and final publishing was not later than 31 July 2019 unless the external audit had not been concluded. The Head of Finance reported that the External Auditors were not able to complete the audit until end of September 2019. This was very regrettable given the efforts the Council had made to produce its draft accounts by the required deadline. The Accounts could still be published with no audit opinion. The Council had expressed its concern to the body responsible (Public Sector Audit Appointments) that Ernst and Young had not been able to meet the expectations of its contract in respect of the Council's audit.

RESOLVED that the report be noted.

14. AUDIT COMMITTEE WORK PROGRAMME

The Audit Committee Work Programme was noted.

The meeting terminated at 6.35 pm

This page is intentionally left blank