

Audit Committee Minutes

Date: 22 September 2016

Time: 7.00 - 8.30 pm

PRESENT: Councillor M C Appleyard (in the Chair)

Councillors A Lee, Ms C J Oliver, G Peart and N J B Teesdale, P R Turner and R J Scott

Also present: Councillor D Watson
Maria Grindley (External Auditor, Ernst & Young)

13 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor S Saddique, Councillor G Hall and Sue Gill (Ernst & Young).

14 DECLARATIONS OF INTEREST

There were no declarations of interest.

15 MINUTES

RESOLVED: That the minutes of the meeting held on 30 June 2016 be confirmed as a correct record and signed by the Chairman.

16 RECYCLING RATES

The Committee received a report which provided information on the recycling performance of the joint waste contract between Wycombe District Council (WDC), Chiltern District Council (CDC) and Serco and figures relating to missed collections.

In June the Audit Committee expressed concern regarding performance of the joint waste contract against performance indicator targets, specifically recycling rates and missed collections. The Waste Recycling and Services Manager, Sally Gordon informed the Committee that the target set for 2015/16 by the Joint Waste Team for the percentage of household waste recycled and percentage of household waste composted combined was 56% - this was based on the aspirational target set by Serco in contract bid documents (59%).

It was reported that the actual combined achieved was 52.6% which was below target however it was noted that this was above the National Recycling rate. Various factors affected performance of the joint waste contract and also national performance, these included:

- Less packaging materials to recycle.
- Using light weight packaging.

- Paper consumption reduction due to digital technology.
- Demographic of district areas.
- Weekly recycling collections tend to have higher recycling rates.
- Weather and the effect on garden waste.
- Rigorous controls at material reclamation facilities (MRF).

Work was undertaken in October 2015 with households in High Wycombe to increase awareness of materials acceptable for the collection and collection crews received regular training on the correct materials for the recycling bins.

Sally noted that the performance indicators would need to be reconsidered to set a more realistic and achievable target in light of the factors impacting on recycling rates.

Regarding missed collections it was noted that the figures for 2014/15 and 2015/16 had been high and various factors had contributed to performance which included:

- The start of a new service and ensuring the routes were efficient and customers understood the requirements for recycling.
- Crews working longer hours and staff adapting to this change.
- Complaints regarding missed collections.
- Recruitment and high turnover of staff.
- A national problem with recruiting into HGV positions.

It was noted that the Joint Waste team were working with Serco to improve performance and during the first quarter of 2016/17 missed collection levels had dropped significantly.

In response to questions Sally confirmed that repeated missed collections should be reported and then these would be investigated. Also broken recycling bins should also be reported and replacements would be provided by the collection crews. It was noted that performance of crews were monitored and repeated missed collections were added to a 'hotspot' list for managers to sign off when collections were made.

RESOLVED: That

- i) The report be noted; and
- ii) A future report be provided outlining the new recycling performance targets.

17 2016/17 QUARTER 1 SERVICE PERFORMANCE REPORT

The Committee were provided with an update on a selection of the corporate performance measures for Q1 (April – June).

Information was provided on 20 Level 1 measures identified by the Audit Committee and an overview of all corporate measures.

During the discussion Members made a number of points and noted the following:

- Regarding Customer Services Centre (HR002) - The 70% target for 'calls answered in 20 seconds' was questioned and challenged as perceived as being too low given performance levels. An overview of the basket of measures used to monitor CSC contract performance was requested for the next meeting and for this also to include benchmark information on how we compare to best practice elsewhere. A question was also raised about how to ensure that the operatives in Coventry receive training so that they passport calls to the right people and whether transferring callers to CISCO Call Centre with automated options is standard.
- Regarding Homelessness applications (ES008) - Wider context was requested around this measure and the duty on the Council to provide housing, including whether a screening exercise was carried out to see if the Council 'have a duty' or whether the full application process needs to be undertaken to discover this.

RESOLVED: That the 2015/16 Services Performance Q1 (April – June) be noted.

18 STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT

The Finance Services Manager, Brenda Watson and Senior Accountant, Julia Turner presented the Statement of Accounts for 2015/16, and the Higginson Park Trust Statement of Accounts for 2015/16. During the detailed presentation the Committee were taken through key figures in the Accounts, and were asked to recommend that the Higginson Park Trust Accounts be recommended to Council for approval as the Council is the charity's sole trustee.

The Committee were also asked to note the Annual Governance Statement for 2015/16 which had been signed by the Leader and Chief Executive.

Julia Turner, Senior Accountant summarised the key factors affecting the Council's accounts:

- The gross expenditure for 2015/16 totalled £93m.
- The General Fund surplus for the year was £727k after allowing for £123k allocated by Cabinet in June 2016 to meet two new funding requests.
- There was £41,705k set aside as Earmarked Reserves from revenue for specific purposes.
- Major Projects expenditure of £30.527m of which £29.5m was treated as capital for funding purposes.
- Long Term Assets had increased by £34.4m mainly due to the completion of the Handy Cross site.

It was also noted that since the publication of the draft Accounts in June 2016 amendments had been made during the audit process. These included investments being incorrectly categorised as Long Term instead of Short Term and land disposed of at Hughenden Quarter was not written off the asset register. The Accounts had been subsequently updated and it was noted that there was no impact on cash or usable reserves.

The Head of Finance and Commercial informed the Committee that the Statement of Accounts were in the final process of being audited and requested that authority to approve the final accounts be delegated to the Audit Committee Chairman in consultation with the Head of Finance and Commercial.

The Committee noted the Higginson Park Charity Accounts for 2015/16 with a net expenditure of the trust of £185k with assets worth £5,837k. Members noted that the Council provided a small subsidy in relation to the Leisure Centre contract.

The Chairman thanked the officers for the presentation.

Recommended: That the Higginson Park Trust Annual Report and Accounts for 2015/16 be recommended to Council for approval.

RESOLVED: That (i) approval of the Statement of Accounts for the financial year ended 31 March 2016 be delegated to the Chairman of the Audit Committee in consultation with the Head of Financial and Commercial; and

(ii) the signed Annual Governance Statement for 2015/16 alongside the Statement of Accounts be noted.

19 EXTERNAL AUDITOR'S ISA 260 AUDIT RESULTS REPORT

External Auditor, Maria Grindley, presented Ernst & Young's Audit Results Report and findings from the 2015/2016 audit. The Committee were informed that the auditors proposed to issue an unqualified opinion on the financial statements and Value for Money Opinion. The audit results had demonstrated that the Council had prepared its financial statements adequately.

It was reported that Appendix A detailed the corrected audit differences that had been identified during the audit. These related to a classification error between long-term and short-term investments and a correction regarding the Hughenden Quarter disposal. The Head of Financial Services confirmed that these had been corrected and there were no unadjusted errors to the accounts.

RESOLVED: That the Auditor's Results Report be noted.

20 TREASURY MANAGEMENT ANNUAL REPORT 2015/16 AND PRUDENTIAL INDICATORS

The Committee received a report produced for the end of the financial year in respect of Treasury Management as required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice. The report outlined the treasury management activities and performance for 2015/16.

Members noted that:

- An interest free loan of £3.3m from the Bucks Thames Valley Local Enterprise Partnership to support the redevelopment at Handy Cross had been repaid.
- The Bank of England base interest rate remained at 0.5% and that investment rates had remained stable but historically very low.
- Funds of £500k had been received from Iceland following the collapse of the Glitnir Icelandic Bank. All investments had now been recovered and including part interest payments.

RESOLVED: That

- (i) the treasury management report for 2015/16 be noted; and
- (ii) the detail regarding the sale of Icelandic investments during 2016/17 be noted.

21 AUDIT COMMITTEE TERMS OF REFERENCE - SELF ASSESSMENT OF GOOD PRACTICE

The Committee received a report which provided the results of the self-assessment Core Knowledge and Skills Framework, based on CIPFA's Self-Assessment of Core Knowledge and Skills.

The Committee was informed that 6 out of 12 completed forms were returned this year compared to 13 returned forms in August 2015. The current assessment had identified that further training would be undertaken to maintain awareness of the key aspects of the workings of the Audit Committee. These areas were as follows:

- Knowledge of the six principles of the CIPFA/SOLACE Good Governance Framework and the requirements of the Annual Governance Statement (AGS). Knowledge of the local code of governance.
- Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. Understanding of good financial management principles. Knowledge of how the organisation meets the requirements of the role of the chief financial officer, as required by the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

- Understanding of the principals of risk management, including linkage to good governance and decision making. Knowledge of the risk management policy and strategy of the organisation. Understanding of risk governance arrangements, including the role of members and of the Audit Committee.
- Knowledge of the Seven Principles of Public Life. Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff. Knowledge of the whistleblowing arrangements in the authority.

It was requested that the self-assessment questionnaires be circulated at an alternative time of year as during the summer holidays these could sometimes be missed.

Members confirmed that they were satisfied with the way in which training had been provided in the past, i.e. in advance of the main Audit Committee meeting. It was agreed that they would like to continue with the arrangement in that they would receive training based on the content of the Committees forward plan and that the Chairman would meet with officers to discuss requirements for future training.

RESOLVED: That

- i) the results of the self-assessment Core Knowledge and Skills Framework undertaken by the members of the Audit Committee be noted; and
- ii) the Chairman meet with Officers to discuss training needs.

22 IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

The Committee were provided with an update on the implementation of recommendations that had arisen from the final reports issued during 2015/16.

It was reported that 37 of the agreed recommendations had been implemented within agreed timescales and one recommendation had yet to reach its implementation date. Details were provided regarding progress of internal audit recommendations which had not yet been implemented. It was noted that recommendations to Parking Services had not been accepted however work would continue with the service.

RESOLVED: That the report on the Implementation of Internal Audit Recommendations be noted.

23 AUDIT COMMITTEE WORK PROGRAMME

The Audit Committee work programme as appended to the agenda was reviewed by the Committee.

It was noted that an update would be provided in November regarding arrangements for procuring the external auditors as discussions would need to be undertaken on the process involved.

Wording regarding the Red Kite update in January would be amended.

The Ernst & Young Annual Audit Plan would be brought forward to the January meeting.

RESOLVED: That the forward work programme be noted and updated as above.

Chairman

The following officers were in attendance at the meeting:

Jemma Durkan	- Senior Democratic Services Officer
Steve Richardson	- Head of Finance and Commercial
Mike Howard	- Audit, Risk and Fraud Manager
Jacqueline Ford	- Corporate Policy Team Leader
Brenda Watson	- Finance Service Manager
Julia Turner	- Senior Accountant