

Audit Committee Minutes

Date: 21 September 2017

Time: 7.00 - 8.30 pm

PRESENT: Councillor M C Appleyard (in the Chair)

Councillors G C Hall, Ms C J Oliver, R J Scott and N J B Teesdale.

Also present: Sue Gill (External Auditor, Ernst & Young)
Councillor D Watson

14 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr, T Lee, Cllr R Wilson and Maria Grindley, Ernst & Young.

15 MINUTES

RESOLVED: That the minutes of the meeting held on 15 June 2017 be confirmed as a correct record and signed by the Chairman.

16 DECLARATIONS OF INTEREST

There were no declarations of interest.

17 2017/18 SERVICE PERFORMANCE: Q1 (APRIL – JUNE)

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

It was reported that regarding the average time for processing new housing benefit /council tax claims that this had a cumulative figure of 26 days with a target of 20 days (The national average is said to be 22). This was an improving figure with the in-month performance figure for May at 27.5 days; reduced to 21 days for June. It was noted that the revenues and benefits team had a higher turnaround at the start of the financial year due to other workload pressures

Regarding the tonnage of household waste recycled there had been a reduction in the amount of paper and card collected. This had resulted in a drop in the figures for the quarterly recycling rate in comparison to the same period last year. It was noted that this was a national trend and a result of the reduction in the amount of packaging used by retail companies. The Chairman noted that the target figure for this measure may need to be reviewed in the future.

The Chairman noted the positive performance outcomes in the report and congratulated staff on this success.

RESOLVED: That the 2017/18 Services Performance Q1 (April – June) be noted.

18 AUDIT, RISK AND FRAUD MANAGER'S ANNUAL REPORT

The Audit, Risk and Fraud Manager's Report 2016-17 was presented and Members received an update of the work of the Internal Audit Service

The report included an update of audit reviews completed in the last year, including analysis of the responses of the customer satisfaction questionnaires issued on completion of each audit, and a detailed progress report.

The Audit, Risk and Fraud Manager reported that his overall opinion was that significant assurance could be given in relation to the core financial reviews undertaken in 2016/17. There was a generally sound system of internal control designed to meet the Council's objectives and that controls were generally being applied consistently.

It was noted that concern had been raised regarding the need to implement and embed a formal structure for the programme management and project development arrangements. This had been raised as an observation in the 2015/16 Opinion report. It was reported that the Corporate Director had been reviewing the system and this would be discussed with the Strategic Management Board prior to the implementation of any agreed changes.

The Audit, Risk and Fraud Manager highlighted that the Corporate Investigations Team had followed CIPFA's principal framework and during the first year had:

- developed a Tackling Fraud and Corruption Plan
- designed a corporate fraud risk register process for development with individual services;
- offered and delivered training to relevant services and will continue with relevant services.

Also the working relationship with Thames Valley Police had been formalised with the creation of a service level agreement and the team would continue to assist them with any ongoing investigations.

In response to a query relating to the lack of formal structure for programme and project arrangements it was noted that draft terms of reference had been drawn up however there was no current timeframe.

It was agreed that an update would be provided in the Audit, Risk and Fraud Manager's half yearly report.

A query was raised regarding the Criminal Finances Act 2017 which would come into force at the end of September and the Audit, Risk and Fraud Manager would investigate if any element of this law would apply to local government.

RESOLVED: That the Audit, Risk and Fraud Manager's Annual Report for the year to 31 March 2017 be noted.

19 APPROVAL OF 2016/17 STATEMENT OF ACCOUNTS

The Chief Accountant, Hasina Shah and Financial Manager, Brenda Watson presented the Statement of Accounts for 2016/17.

The Committee were taken through key figures in the Accounts and were also asked to note the Annual Governance Statement for 2016/17 which had been signed by the Leader and Chief Executive.

Hasina Shah summarised the key factors affecting the Council's accounts:

- This year the accounts had been prepared one month earlier than usual in readiness for the earlier schedule of the 2017/18 statement of accounts.
- The £10m difference in the net expenditure for 2015/16 to 2016/17 was related to the impairment of the new leisure centre and the valuation regarding professional fees.
- The figure for the movement in the fair value of Investment Properties had increased from £104,950 in 2016 to £120,508 in 2017 mainly due to new acquisitions and valuations.
- The Short Term Debtors figure had decreased due to payment of debts during 2016/17.
- Changes in pension assumptions had increased the liability related to the Defined Benefit Pension figure.
- There had been some movement in the discounting scheme liabilities.

It was noted that there had been no significant movement in the Statement of Accounts in comparison to the previous year.

In response to a query it was noted that the earmarked reserves in relation to transformation was protected and any request for funds had to be signed off by the Section 151 officer.

The Chief Accountant informed the Committee that if there were minor amendments to be made to the Statement of Accounts, that authority to approve the final accounts be delegated to the Head of Finance and Commercial in consultation with the Chairman.

The Chairman thanked the officers for the report.

RESOLVED: That

- i) the Statement of Accounts for the financial year ended 31 March 2017 be approved;
- ii) the Annual Governance Statement for 2016/17 alongside the Statement of Accounts be noted; and
- iii) the Head of Finance and Commercial, following consultation with the Chairman be authorised to make any final amendments to the Accounts arising from outstanding audit work prior to the signing of the accounts by the auditor.

20 THE HIGGINSON PARK CHARITY

The Committee noted the Higginson Park Charity Accounts for 2016/17 with a net expenditure of the trust of £162k with assets worth £5,503m. Members noted that the Council provided a small subsidy in relation to the Leisure Centre contract and due to the income increase of the sports facilities this subsidy had reduced.

Recommended: That the Higginson Park Trust Annual Report and Accounts for 2016/17 be recommended to Council for approval.

21 TREASURY MANAGEMENT ANNUAL REPORT 2016/17 AND PRUDENTIAL INDICATORS

The Committee received a report produced for the end of the financial year in respect of Treasury Management as required the by 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 2016/17.

Members noted that:

- The total Capital Expenditure for 2016/17 was £14.017m.
- At the end of 2016/17 the Council did not have any external borrowing.
- The investments were at £74.627m with an average rate of return at 0.67%.

RESOLVED: That the treasury management report for 2016/17 be noted.

22 EXTERNAL AUDITOR'S ISA 260 AUDIT RESULTS REPORT

Apologies were received from Maria Grindley, the responsible EY partner and signature to the accounts. External Auditor, Sue Gill, presented Ernst & Young's Audit Results Report and findings from the 2016/2017 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.

Information was provided at the meeting on areas identified in the Audit where the External Auditor place reliance on experts. The External Auditor advised they were considering the information provided by Price Waterhouse Coopers regarding pension disclosures and whether the methodologies used by the external specialist (Actuary) were robust. It was noted that this could impact on the Audit Plan for next year and could lead to unacceptable assumptions. A more detailed exercise with the external specialist pension auditor would be taking place next year.

The Chairman was concerned that there was no industry standard across the auditing/accounting bodies regarding this matter. He requested that a further detailed statement be provided to the Chief Executive and the Section 151 Officer on the matter.

RESOLVED:

- i) That Ernst & Young provide a statement to the Chief Executive and Section 151 Officer regarding their position on the external pension auditor and their methodologies
- ii) That the Auditor's Results Report be noted.

23 PROPOSED AMENDMENTS TO WYCOMBE DISTRICT COUNCIL'S TREASURY POLICY

The Committee received a report which outlined proposed amendments to the Treasury Policy.

The Head of Finance and Commercial explained that the Council currently has the ability invest in indirect property funds. Under its Treasury Strategy the Council did not currently allow for investment directly in property for Treasury purposes. Also delegated power to approve investments would be required to widen the Council's ability to invest in property funds.

Recommended: That

- i) The use of property investments, direct and indirect, to achieve improvements in Treasury Yields, up to a maximum investment value of £15,000m, as outlined below (a & b) be recommend to Council;
- ii) The delegated powers as set out in paragraphs a & b below, be recommend to Council;

- a) To approve the investment of up to £7.500M, [in accordance with the Council's existing strategy], in one or more indirect property funds and to delegate power to the Section 151 Officer, after consultation with the Portfolio Holder for Finance, and after receipt of advice from Capita Assets with due regard to security and liquidity, to approve such investments subject to the limitation that funds to be invested in would be restricted to those that are already utilised by one or more other Local Authorities and offering in excess of 4% return/yield at the time that the investment is placed.
- b) To approve the direct investment of up to £7.500M in commercial property for Treasury Yield purposes only, and to delegate power jointly to the Chief Executive (or in her absence the Corporate Director) and the Section 151 Officer, after consultation with the Leader (or in her absence the Deputy Leader) and the Portfolio Holder for Finance to approve such acquisitions and disposals.
- iii) The use of appropriate borrowing, if appropriate schemes become available be endorsed, and that authority be provided for Cabinet to approve borrowing up to the Councils agreed ceiling, if appropriate schemes are available, be recommended to Council.

24 AUDIT COMMITTEE WORK PROGRAMME

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

RESOLVED: That the forward work programme be noted.

EXCLUSION OF PUBLIC AND PRESS

RESOLVED: That the Press and Public be excluded from the meeting during consideration of the following item as it contains exempt information as defined in Regulation 4(2)(b) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, more particularly as follows:

Minute 25 – Strategic Risk Register Monitoring Report

Information relating to the financial or business affairs of any particular person (including the authority holding that information (Paragraph 3, Part 1 of schedule 12A, Local Government Act 1972)

[The need to maintain the exemption outweighs the public

interest in disclosure because disclosure could prejudice the Council's position in any future tender process or negotiations]

25 QUARTER 1 - STRATEGIC RISK REGISTER MONITORING REPORT

The Committee received a report which provided an update on the Strategic Risk Register for Quarter 1, 2017/18. The Audit, Risk & Fraud Manager provided specific information on various risks and amendments to the register.

RESOLVED: That the Strategic Risk Register for Quarter 1 2017/18 be noted.

Chairman

The following officers were in attendance at the meeting:

Jemma Durkan	- Senior Democratic Services Officer
Mike Howard	- Business Assurance Manager
Aisha Bi	- Policy Officer
Hasina Shah	- Chief Accountant
Brenda Watson	- Financial Manager
Stuart Mcgregor	- Interim Head of Finance & Commercial