



**WYCOMBE**  
**DISTRICT COUNCIL**

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Queen Victoria Road  
High Wycombe  
Bucks HP11 1BB

## Council Supplementary Agenda

Date: 6 October 2014  
Time: 6.30 pm  
Venue: Council Chamber  
District Council Offices, Queen Victoria Road, High Wycombe, Bucks

You are hereby summoned to attend the Meeting of the Council to be held in the Council Chamber, District Council Offices, Queen Victoria Road, High Wycombe on 6 October 2014 at 6.30 pm to consider the business set out in the Agenda below.

A handwritten signature in black ink, appearing to read 'K Satterford', written in a cursive style.

Ms K Satterford  
Chief Executive

**Fire Alarm** - In the event of the fire alarm sounding, please leave the building quickly and calmly by the nearest exit. Do not stop to collect personal belongings and do not use the lifts. Please congregate at the Assembly Point at the corner of Queen Victoria Road and the River Wye, and do not re-enter the building until told to do so by a member of staff.

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### Agenda

Item		Page
10	<b>AUDIT COMMITTEE</b>  To receive the minutes of and consider any recommendations from the following meeting:  Audit Committee	1 - 8
	25 September 2014	

For further information, please contact Iram Malik on 01494 421204, or email [iram\\_malik@wycombe.gov.uk](mailto:iram_malik@wycombe.gov.uk)

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## Audit Committee Minutes

Date: 25 September 2014

Time: 7.00 - 8.37 pm

**PRESENT:** Councillor J L Richards OBE (in the Chair)

Councillors A D Collingwood, P R Turner, D M Watson, R Wilson, I Bates and R Farmer

**Also present:** Mrs S Gill and Mr C Baston (Ernst & Young LLP)

### 12 MINUTES

**RESOLVED:** That the minutes of the meeting held on 26 June 2014 be confirmed as a correct record and signed by the Chairman.

### 13 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor M C Appleyard.

### 14 DECLARATIONS OF INTEREST

There were no declarations of interest.

### 15 HEALTH & SAFETY UPDATE

The Committee received a report which updated Members on health and safety issues and key health and safety statistics for the quarter 1 June 2014 to 30 September 2014. The Committee was advised that the 2014/15 work programme was fully up to date, with no health and safety issues which required urgent attention and no areas of inadequately managed high risk. There had been 3 accidents over the period, but all had been minor trips or slips. The Committee heard that the health and safety training programme was continuing, and compulsory refresher training for all managers was scheduled to take place soon. Members were pleased to meet Jo Grant, Interim Health & Safety Adviser, who had joined the Council on 11 August 2014.

With regard to permanent health and safety officer recruitment, the Shared Support Services Manager reported that a proposal for a shared partnership health and safety arrangement was still being explored and was considered the best option for a sustainable solution. The response to the proposal from potential partners had been positive and it was expected that suitable agreement with a partner could be reached within 2 months.

**RESOLVED:** That the health and safety update be noted.

## 16 APPROVAL OF 2013-14 STATEMENT OF ACCOUNTS

Members were guided through the Statement of Accounts 2013/14 and also the Higginson Park Charity Statement of Accounts 2013/14 with the aid of a powerpoint presentation. The Committee was asked to review and approve the Council's financial statements and note the Annual Governance Statement for 2013/14. The Committee was also asked to recommend the Higginson Park Charity's Annual Report and Accounts for 2013/14 for approval by Council as the charity's sole trustee.

Jake Bacchus, Senior Accountant, summarised the key factors affecting the Council's accounts. These had included Secretary of State approval for closure of the Housing Revenue Account, Major Projects expenditure of £7.8m of which £6.5m was treated as capital for funding purposes, accounting standard changes for pensions, accelerated depreciation for the current Wycombe Sports Centre and the impact of the new Business Rate Retention Scheme on the Collection Fund.

The Committee considered the required core statements featured within the Accounts document: the Movement in Reserves Statement, Comprehensive Income & Expenditure Statement, Balance Sheet, and Cash Flow Statement.

In debate the following points arose:

- Members queried why the £5.3m accelerated depreciation of the Wycombe Sports Centre depreciation had not been budgeted for at an earlier stage
- The implementation of the new Business Rate Retention Scheme regulations had contributed to a £3.514k deficit in business rates and a need for increased provision for appeals and unpaid rates. A rolling assessment of these liabilities will need to be made for future years
- Members queried why there had been an increase in council tax revenue although there had been no increase to council tax rates. The Head of Finance and Commercial reported that this was due to an increase in the Council Tax Base, including the number of properties and changes to the Second Homes Premium and Long Term Empty Exemptions
- There had been a movement of £3,270k in the long term debt by Red Kite Community Housing. The Head of Finance and Commercial explained that this related to the VAT indemnity which had been provided to Red Kite on transfer. It is expected to peak at around £12m before repayment begins.

The Committee then noted the Annual Governance Statement, which had been amended to incorporate the change requested by the Committee at its June meeting. It had subsequently been signed by the Leader and Chief Executive.

In relation to the Higginson Park Charity Accounts the Committee was informed that these had been independently audited and were also included within the Group accounts which had been audited by Ernst & Young. There had been a £55k

reduction in income in 2013/14 compared to 2012/13 which was largely attributable to flooding. There had also been a reduction in the net worth of the charity of £199k relating to depreciation on property, plant and equipment.

**RESOLVED:**

- (i) That the Statement of Accounts for the financial year ended 31 March 2014 be approved;
- (ii) That the signed Annual Governance Statement 2013/14 be noted;
- (iii) That Council be recommended to approve the Higginson Park Charity's Annual Report and Accounts 2013/14.

**17 EXTERNAL AUDITOR'S AUDIT RESULTS REPORT**

Susan Gill, Audit Manager, Ernst & Young LLP, presented the Audit Results Report (ISA 260) for the year ended 31 March 2014 and summarised the key points of the report.

Members were informed that all of the audit work was now complete and the auditors expected to issue an unqualified opinion in relation to the financial statements for 2013/14 and the Value for Money Opinion. Assurance had been gained in respect of the three risks which had been identified in the Audit Plan, there had been no uncorrected errors; the corrected errors related to the accounting of finance leases within the Joint Waste contract and were not considered to be problematic. Members also noted that there would be a request for a management representation letter to gain confirmation in relation to specific matters related to fixed asset valuation and the Non-Domestic Rates appeals provision; this would be reported to the Audit Committee in November. Mrs Gill also informed Members that due to an outstanding query from a member of the public the proposed final audit fee could not yet be confirmed. However the Committee would be advised of this in due course.

Mrs Gill thanked the Head of Finance and Commercial and his team for their assistance during the audit.

**RESOLVED:**

- (i) That the Audit Results Report ISA 260 for the year ended 31 March 2014 be noted;
- (ii) That an update report detailing progress against identified issues be brought to a future meeting of the Committee

**18     **AUDIT COMMITTEE TERMS OF REFERENCE SELF-ASSESSMENT OF GOOD PRACTICE AND SELF-ASSESSMENT OF CORE KNOWLEDGE AND SKILLS FRAMEWORK - UPDATE****

The Committee received a report which presented the final self-assessment of good practice, in accordance with CIPFA's Audit Committee Practical Guidance for Local Authorities and Police 2013 Edition. The final version had been updated to address the clarifications which had been identified at the Committee's previous meeting in June.

The report included a skeleton outline for an annual report which had been drawn up to provide evidence in relation to question 8 ('Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all areas?').

An actions log, designed to provide evidence in relation to question 19 ('Has the Committee evaluated whether and how it is adding value to the organisation') had been included later in the agenda within the work programme item.

The report also presented the results of the self-assessment by members against the core knowledge and skills framework which had been undertaken at the June meeting, and the Committee was advised that work to address those areas where Members had indicated they needed extra guidance would be taken forward following the forthcoming elections.

**RESOLVED:**

(i) That the final self-assessment of good practice as prepared by the Audit, Risk & Fraud Manager in accordance with CIPFA's Audit Committee Practical Guidance for Local Authorities and Police 2013 Edition be agreed;

(ii) That the results of the self-assessment Core Knowledge and Skills framework, undertaken by members of the Audit Committee, be noted;

(iii) That the principle of and suggested format for an annual report, as appended to the report, be agreed, and officers be requested to progress this in consultation with the Chairman and Vice-Chairman and bring forward a draft annual report in due course.

**19     **IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS****

The Committee received a report which provided an update on the implementation of recommendations arising from the final audit reports issued during 2013/14. The Audit, Fraud and Risk Manager provided a minor verbal correction to the report in that the figures for commercial leases (property) should show that 3 recommendations were agreed and there were 0 where partial / further action was required.

It was considered that rather than reporting on all recommendations, exception reporting, focusing on areas where partial / further action was required or where recommendations had not been implemented (including how long they have been outstanding), would better assist the Committee in identifying those areas where Members could provide support to the audit team in ensuring that recommendations are implemented. This approach was accepted. The Audit, Risk and Fraud Manager reported that there is an intention that recommendations which require further action will in future be recorded and monitored via the Council's performance management software (Performance +).

**RESOLVED:** That the update on the implementation of recommendations arising from the final audit reports issued during 2013/14 be noted.

## **20 TREASURY MANAGEMENT UPDATE**

The Committee received a report which outlined the actions taken in respect of deposits which had been placed with 3 UK Rated Building Societies which fell outside the Council's Treasury Management Policy. The report also presented the results of a review of the Council's policy on placing deposits with local authorities, which had been requested by the Committee at its June meeting to address members' concerns relating to the investment parameters used.

In relation to the first of these items the Head of Finance and Commercial reported that as a result of a misinterpretation of the current policy and correct procedures not being followed, a number of deposits made in June and early July 2014 had included some funds being placed with three rated UK building societies which did not meet the current criteria of a 'BBB' long term credit rating. Assurance was provided that appropriate action had been taken to strengthen working controls which was set out in the report. An internal investigation has been carried out and action taken. Working procedures had been reinforced with staff and further training provided. Changes to reporting had also been implemented. The Head of Finance and Commercial reported that the Council's treasury management advisers Capita had considered the risk to the deposits to be very low and had recommended not to seek early repayment. The majority of the investments are due to mature in the current financial year.

In relation to the review of the Council's policy on placing deposits with local authorities, the Head of Finance & Commercial outlined the current policy in respect of placing deposits with local authorities up to a maximum of £10m for 10 years. The Committee was informed that investing with local authorities is generally considered safe due to the regulatory regime for local authorities and access to PWLB borrowing and tax raising powers. The main credit rating agencies also take the view that in the event of a local authority coming under serious financial stress, that central government would support the authority, given its statutory functions and it being viewed as part of government.

The Committee was invited to consider supporting one of three options set out in the report relating to the Council's approach towards placing deposits with local authorities. The Committee agreed that a new fourth option represented the

safest approach: that the investment limit should be set at £10m with a maximum duration of 3 years being applied.

**RESOLVED:**

- (i) That the report and actions taken in respect of building society deposits be noted;
- (ii) That the Audit Committee recommends to Cabinet to recommend to Council that the Treasury Management Policy be amended to state that the Council may place deposits with local authorities up to a maximum of £10m and for a period not longer than 3 years.

**21 AUDIT COMMITTEE WORK PROGRAMME AND ISSUES LOG**

The Committee reviewed its work programme, as appended to the agenda.

The Committee also reviewed its new issues log, which identified the key recommendations and improvements made by the Audit Committee through its governance process to help strengthen the Council's governance arrangements, reduce risk or improve value for money. The Committee endorsed the principle and format of the log, subject to the inclusion of additional comment on the status of issues, and requested that it be brought back to the next meeting.

**RESOLVED:**

- (i) That the Audit Committee work programme, as set out in the agenda, be approved;
- (ii) That the issues log be amended to include further comment on the status of issues and be brought back to the next meeting of the Committee.

**22 INFORMATION SHEETS**

**RESOLVED:** That the information sheet 03/2014 *Corporate Fraud Resilience and the Introduction of the DWPs Single Fraud Investigation Service* be noted.

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Chairman



**The following officers were in attendance at the meeting:**

- Steve Richardson - Head of Finance and Commercial
- Brenda Watson - Finance Service Manager
- Mike Howard - Audit, Risk and Fraud Manager
- Jake Bacchus - Senior Accountant
- Paul Spencer - Shared Support Manager
- Jo Grant - Interim Health & Safety Adviser
- Emma Lund - Senior Democratic Services Officer

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