

## CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **AUDIT COMMITTEE** held in Room 15, Priory House, Monks Walk, Shefford on Monday, 27 July 2009

### PRESENT

Cllr D J Lawrence (Chairman)  
Cllr R A Baker (Vice-Chairman)

Cllrs Mrs A Barker  
D Bowater  
T Green

Cllrs A Shadbolt  
P Snelling

Members in Attendance: Cllrs L Birt  
M R Jones,

Officers in Attendance:

Mr J Atkinson	– Head of Legal Services
Mr P Ball	– Finance Manager
Mr M Bowmer	– Assistant Director Financial Services
Mrs M Clampitt	– Democratic Services Officer
Mr C Heaphy	– Director of Corporate Resources
Mrs N Hone	– Head of Corporate Finance
Mr A King	– Chief Accountant
Mr B Mew	– Corporate Finance
Mr N Murley	– Assistant Director Audit & Risk
Ms K Riches	– Head of Audit

Others In Attendance:

Ms D Hanson	Audit Commission
Mrs C O'Carroll	Audit Commission
Mr G Reader	Bedford Borough Council

A/09/23

### Chairman's Announcements

The Chairman informed the committee that he would be varying the order of the items of business to allow the Declarations of Interest and the Disclosure of Exempt Information to be taken prior to the Minutes of the previous meeting being approved.

A/09/24 **Minutes**

**RESOLVED**

*that the Minutes of the meeting of the Audit Committee held on 29 June 2009 be confirmed and signed by the Chairman as a correct record, subject to the following two corrections:*

*1) page 2 item A/08/18 "10%" should be removed from the 3<sup>rd</sup> paragraph.*

*2) page 5 item A/08/21 recommendation 3 should read (a)the internal workings of the software are understood in detail OR (b)that the user specification includes a level of acceptance testing that measures the output and performance of the software;*

A/09/25 **Members' Interests**

(a) **Personal Interests:-**

<b>Name</b>	<b>Agenda Item</b>	<b>Nature of Interest</b>
Cllr D Lawrence	Item 9	Member of Bedfordshire County Council Task Force which reviewed LGR  Member of the Hertford Trust
Cllr D Bowater	Item 8,9,10	Son-in-law is a Director with the Audit Commission.

(b) **Personal and Prejudicial Interests:-**

None.

A/09/26 **Petitions**

The Chairman announced that no petitions had been referred to this meeting.

A/09/27 **Public Participation**

No applications had been received under Appendix A to the public participation scheme to speak during the fifteen minute question and statement period at the beginning of the meeting. Furthermore there had been no applications to speak under the Public Participation Scheme on any items included on the Agenda for this meeting.

A/09/28 **Disclosure of Exempt Information**

There were no disclosures of exempt information.

A/09/29 **Update on Annual Governance Statements**

The Committee received and considered the report of the Assistant Director of Audit and Risk, which proposed that the revised 2009/09 Annual Governance Statements be approved for the three Legacy Authorities.

At the 29 June 2009 meeting of the Audit Committee, the Committee considered and approved the Annual Governance Statements (AGS) for the three legacy authorities subject to further information coming to light that should be disclosed. To assist in that process further information was circulated since the date of that meeting which set out the internal audit reviews undertaken during 2008/09.

Nothing further was added to the AGS for Mid Bedfordshire District Council and South Bedfordshire District Councils and both had been signed off by the Leader and Interim Chief Executive.

The AGS for Bedfordshire County Council had an additional header sheet added which captured some issues around the governance arrangements between BCC and the PCT, agreed at the previous Audit Committee meeting but also set out the risk of any further governance issues which could be found during the audit. This header sheet was signed off with the additional wording by the Leader and the Interim Chief Executive.

**RESOLVED**

***that the 2008/09 Annual Governance Statements for:***

- (a) South Bedfordshire District Council***
- (b) Mid Bedfordshire District Council***
- (c) Bedfordshire County Council***

***be approved***

A/09/30 **Bedfordshire County Council Statement of Accounts 2008/09**

The Committee received and considered the report of the Director of Corporate Resources, in relation to the Bedfordshire County Council Statement of Accounts 2008/09. The Statement of Accounts must be approved by the Audit Committee by 31 July 2009. Due to the Local Government Reorganisation, a dispensation had been given by Statutory Instrument for a one month delay from the normal statutory deadline of 30 June 2009.

The Audit Commission planned to audit the draft accounts during August and September and report their findings at the September meeting. The Audit Commission commented that with them having three authority's accounts to audit there may need to be a special meeting called in October for the signing of the Accounts, should they not be ready for the 21 September meeting. A copy of the (draft) Statement of Accounts was attached to the report at Appendix A.

It was noted that the outturn statement had been reported to the Executive at their meeting held on 21 July 2009. This demonstrated a small underspend against the overall budget available. It was noted that the reserves would be passed over as expected.

The Assistant Director Finance informed the Committee that several areas were as follows:

- A severe downturn in the property market that had impacted upon fixed assets valuations and also resulted in a large impairment charge to service expenditure;
- The Local Government Reorganisation costs of over £10m attributed to Bedfordshire County Council had been reflected in the Income and Expenditure Account and resulted in an equivalent increase in creditors within the balance sheet;
- A significant reduction had been recorded in the level of long term debtors and long term borrowing. This was due to the repayment of debt that had previously managed by the County Council on behalf of Luton Borough Council;
- The authority had recorded Contingent Liabilities in respect of the potential repayment of grant associated with the Citizens Services Partnership and the cessation of a major catering contract;
- The Pension Fund Reserve deficit had severely increased due to the economic difficulties encountered during the previous financial year.

Members queried the basis used in the calculation of impairments to the authority's fixed assets. Members were advised that Mouchel had used recognised basis that had been provisionally reviewed by the External Auditors and initial feedback provided indicated that these were reasonable.

Members questioned how the authority recognised the debt held in respect of residential/nursing care that is secured against the proceeds of future house sales. The Assistant Director of Finance advised that a written response would be provided after the meeting.

Minor amendments were agreed to the original draft accounts and these were reflected in the final and signed version of the accounts.

Members were satisfied with the explanations offered and thanked officers for their hard work during such tight timescales.

**RESOLVED**

***that the Bedfordshire County Council Statement of Accounts 2008/09 (subject to external validation) be approved.***

A/09/31

**South Bedfordshire District Council Statement of Accounts 2008/09**

The Committee received and considered the report of the Director of Corporate Resources, in relation to the South Bedfordshire District Council Statement of Accounts 2008/09. The Statement of Accounts must be approved by the Audit Committee by 31 July 2009. Due to the Local Government Reorganisation, a dispensation had been given by Statutory Instrument for a one month delay from the normal statutory deadline of 30 June 2009.

The Audit Commission planned to audit the draft accounts during August and September and report their findings at the September meeting. The Audit Commission commented that with them having three authority's accounts to audit there may need to be a special meeting called in October for the signing of the Accounts, should they not be ready for the 21 September meeting. A copy of the (draft) Statement of Accounts was attached to the report at Appendix A.

It was noted that the outturn statement had been reported to the Executive at their meeting held on 21 July 2009. It was noted that the reserves would be passed over largely as estimated, and there was an underspend of around £90k on the General Fund compared with the revised estimate. There was an underspend of around £550k on the Housing Revenue Account compared with the revised estimate.

The Local Government Reorganisation was referred to in several areas in the accounts, including the tables regarding officers remuneration and members allowances, which included redundancy payments and special responsibility allowances respectively. It was noted that a considerable amount of the expenditure on staff redundancies and termination costs had initially fallen to South Bedfordshire District Council. However, these costs had been pooled and charged across all three authorities forming Central Bedfordshire in proportion to each authority's 2008/09 precept. Impairment of the value of the particularly the case in respect of the book value of the Council's housing stock which had been reduced by around £50m. However, this impairment does not affect the Council's reserves and balances position.

Members asked a number of questions and points of clarification regarding the accounts. Members were satisfied with the explanations offered and thanked officers for their hard work during such tight timescales.

**RESOLVED**

***that the South Bedfordshire District Council Statement of Accounts 2008/09 (subject to external audit validation) be approved.***

A/09/32

**Mid Bedfordshire District Council Statement of Accounts 2008/09**

The Committee received and considered the report of the Director of Corporate Resources, in relation to the Mid Bedfordshire District Council Statement of Accounts 2008/09. The Statement of Accounts must be approved by the Audit Committee by 31 July 2009. Due to the Local Government Reorganisation, a dispensation had been given by Statutory Instrument for a one month delay from the normal statutory deadline of 30 June 2009.

The Audit commission planned to audit the draft accounts during August and September and report their findings at the September meeting. The Audit Commission commented that with them having three authority's accounts to audit there may need to be a special meeting called in October for the signing of the Accounts, should they not be ready for the 21 September meeting. A copy of the (draft) Statement of Accounts was attached to the report at Appendix A.

It was noted that the outturn statement had been reported to the Executive at their meeting held on 21 July 2009. It was noted that the reserves would be passed over largely as estimated and there was an underspend of around £70k on the General Fund compared with budget.

It was noted that Mid Bedfordshire had effectively been the 'banker' for the Local Government Review process, and details concerning this were contained within the Explanatory Foreword, in the Statement of Accounts. The Council's role in this respect meant that a number of figures in the accounts, e.g. the levels of debtors and creditors, were not comparable with the previous year, which represented a more 'normal' level of district council operation. The proportion of the pooled transition costs expenditure charged to the Council itself was shown as an exceptional item in the Income and Expenditure Account. It was noted that the tables regarding officers remuneration and members allowances, included redundancy payments and special responsibility allowances respectively.

Members were concerned regarding the apparent deficits on land and property trading operations, but noted that these were due to impairment of the asset values, which did not affect the overall revenue account position.

Members asked a number of further questions and points of clarification regarding the accounts. Members were satisfied with the explanations offered and thanked officers for their hard work during such tight timescales.

**RESOLVED**

***that the Mid Bedfordshire District Council Statement of Accounts 2008/09 (subject to external audit validation) at attached at Appendix A to the report of the Director of Corporate Resources, be approved.***

A/09/33

**Anti Fraud and Whistleblowing Policies**

The Committee received and considered the report of the Assistant Director of Audit and Risk which requested approval of the Anti Fraud and Corruption Strategy, which had been produced for Central Bedfordshire, in consultation with officers and Unions. Also the Confidential Reporting ("Whistleblowing") Policy, originally included within the Ethical Framework of the Constitution, has been amended to incorporate officers' roles and responsibility and other feedback from relevant officers and Unions.

The Assistant Director of Audit and Risk informed the Committee that the documents had been presented to the Standards Committee at their meeting held on 17 July 2009. The Standards Committee had suggested a change to the Anti Fraud and Corruption Strategy on page 11 of the strategy, under the Contractors and Partners section, it was felt that the word 'expected' was not forceful enough and suggested that it be changed to 'required'.

The Confidential Reporting Policy had a typographical error on page 12 which states BCC instead of CBC.

The Committee fully endorsed both documents with the suggested changes.

**RESOLVED**

- 1. that the Anti Fraud and Corruption Policy as attached at Appendix 1 to the report of the Assistant Director of Audit and Risk be approved.***
- 2. that the Anti Fraud and Corruption Policy, as amended in the preamble above, be referred to the Constitutional Advisory Group for inclusion under the section Ethical Framework in the Constitution.***
- 3. that the changes to the Confidential Reporting Policy attached at Appendix B to the report of the Assistant Director of Audit and Risk be approved and the changes be referred to the Constitutional Advisory Group for inclusion in the Constitution.***

A/09/34

### **Members' Allowances - Payments made by Legacy Authorities for the year ending 31 March 2009**

The Committee received and considered the report of the Director of Corporate Services which provided information as to the payments made by Legacy Authorities under their respective Schemes of Members' Allowances for the year ending 31 March 2009 together with the allowances paid by Central Bedfordshire Shadow Council.

The Legacy Authorities adopted a Scheme of Members' Allowances in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003. Central Bedfordshire Shadow Council adopted a similar scheme which did not include provision for the payment of a basic allowance.

There is a requirement for each Authority to publish the payments made during the previous municipal year. 2008/09 was an unusual year due to the Local Government Review, attached at the following appendices was a breakdown of the payments made across the legacy authorities:

Appendix A Payments made in respect of the Members of Bedfordshire County Council.

Appendix B Payments made in respect of the Members of Mid Bedfordshire District Council.

Appendix C Payments made in respect of the Members of South Bedfordshire District Council.

Appendix D Payments made in respect of the Members of Central Bedfordshire Shadow Council.

Members requested that the figures be rechecked as there appeared to be queries in relation to basic allowance payments made to a few members and that notes be provided where any variances were recorded.

### ***RESOLVED***

***that the allowances paid by the legacy authorities to Central Bedfordshire Council, together with those paid by the Shadow Council, under their approved Schemes of Members' Allowances, be noted.***

A/09/35

### **Future Work Programme**

The Assistant Director Audit and Risk informed the Committee that the following items would be considered at the next meeting of the Audit Committee:

- Internal Audit Strategy
- Internal Audit Plan



- The three Annual Governance Reports (ISA260) for the legacy authorities.

**RESOLVED**

***that the future work programme as described in the preamble above be approved.***

(Note: The meeting commenced at 9.30 a.m. and concluded at 11.30 a.m.)