

## CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **AUDIT COMMITTEE** held in Room 15, Priory House, Monks Walk, Shefford on Monday, 30 June 2014

### PRESENT

Cllr M C Blair (Chairman)  
Cllr D Bowater (Vice-Chairman)

Cllrs R D Berry  
K M Collins  
N B Costin

Cllrs D J Lawrence  
A Zerny

Members in Attendance: Cllrs P N Aldis  
A R Bastable  
Mrs S A Goodchild  
M R Jones  
Mrs J G Lawrence  
M A G Versallion  
B Wells

Officers in Attendance: Mr R Gould Head of Financial Control  
Mr L Manning Committee Services Officer  
Ms K Riches Head of Internal Audit and Risk  
Mr N Visram Financial Controller  
Mr C Warboys Chief Finance Officer

Others In Attendance: Mr M West Director – Ernst & Young LLP

A/14/1. **Minutes**

### RESOLVED

**that the minutes of the meeting of the Audit Committee held on 31 March 2014 be confirmed and signed by the Chairman as a correct record.**

A/14/2. **Members' Interests**

### Item 10 – Local Government Pension Scheme Update

Councillor D J Lawrence declared an interest as a voting member of the Pension Fund Committee of Bedford Borough Council (administering authority for the Bedfordshire Local Government Pension Scheme).

A/14/3. **Chairman's Announcements and Communications**

The Chairman advised the meeting that consultation had started on a proposed change to the statutory deadline for the production of local authority unaudited accounts. The current deadline was 30 June but, if adopted, the new deadline would be 31 May from 2017/18.

A/14/4. **Petitions**

No petitions were received from members of the public in accordance with the Public Participation Procedure as set out in Annex 2 of Part A4 of the Constitution.

A/14/5. **Questions, Statements or Deputations**

No questions, statements or deputations were received from members of the public in accordance with the Public Participation Procedure as set out in Annex 1 of Part A4 of the Constitution.

A/14/6. **Central Bedfordshire Statement of Accounts 2013/14**

The Committee received a presentation on the draft (unaudited) Statement of Accounts for 2013/14. The Chief Finance Officer, Head of Financial Control and Financial Controller took turns to introduce the presentation. In addition a supplement was circulated containing extracts from the unaudited Annual Statement of Accounts document. The extracts related to the following matters:

- the movement in reserves statement
- the comprehensive income and expenditure statement
- the balance sheet
- the cash flow statement
- officers' remuneration.

A copy of the slide pack for the presentation is attached at Appendix A to these minutes and a copy of the supplement is attached at Appendix B.

Note: Copies of the full unaudited Annual Statement of Accounts were also made available at the meeting. Due to its length a copy of the document is not attached to these minutes but it can be accessed through the following link:

[http://www.centralbedfordshire.gov.uk/Images/CBC%20Accounts%2013-14%2C%20unaudited\\_tcm6-55578.pdf#False](http://www.centralbedfordshire.gov.uk/Images/CBC%20Accounts%2013-14%2C%20unaudited_tcm6-55578.pdf#False)

Throughout the presentation Members raised questions and sought clarification on various issues. In summary the Chief Finance Officer emphasised that the Council was in a good financial position.

Further queries were then raised on a number of issues. In particular debate took place on the approximate 10% increase in the level of employer pension contributions disclosed in Note 31 of the unaudited Annual Statement of Accounts which set out the remuneration of senior officers. Following lengthy discussion officers confirmed that the rate of employer contributions to the Local Government Pension Scheme (LGPS) was the same for all officers and it was determined by the Actuary to the Pension Fund. The rate of employer contribution applied in 2012/13 was 21.9% of pensionable pay and it had increased to 23.9% of pensionable pay for 2013/14 which had resulted in the 10% year on year increase in employer contributions. The Chief Finance Officer explained that the template used for the table was prescribed and he was unable to add further columns for explanation. However, in view of the comments made by Members he undertook to prepare for similar queries from the public during the summer consultation period, should any arise.

In conclusion the Chairman, on behalf of the Committee and other Members present, thanked the officers for a very useful presentation.

**NOTED**

**the presentation on the draft (unaudited) Statement of Accounts for 2013/14.**

A/14/7.

**Annual Audit and Certification Fees 2014-15**

The Committee received a letter from Ernst & Young LLP confirming the annual audit and certification work that the external auditors proposed to undertake for the 2014/15 financial year. The letter stated that the 2014/15 fees reflected the risk-based approach to audit planning set out in the Code of Audit practice and the work mandated by the Audit Commission for 2014/15.

The Ernst & Young director introduced the letter and drew Members' attention to the Audit Commission's setting of the scale fee for each audited body as part of the recent five year procurement exercise and that, as a result, it was not liable to increase in that period without a change in scope.

Following further consideration of the letter the Chairman, on behalf of the Committee, thanked the director and Ernst & Young for the constructive approach they had adopted on this matter.

**NOTED**

**the 2014/15 annual audit and certification fees letter from Ernst & Young LLP.**

A/14/8.

**Annual Governance Statement 2013/14**

The Committee considered a report by the Chief Legal and Democratic Services Officer which sought Members' approval of the draft Annual Governance Statement for 2013/14. The meeting was reminded that the

Statement was intended to demonstrate how the Council had achieved the principles contained in the Code of Corporate Governance in the current financial year. The meeting noted that the draft Statement adopted the same format as in the previous two years.

The Head of Internal Audit and Risk introduced the report on behalf of the Chief Legal and Democratic Services Officer. She worked through the draft document and highlighted matters for Members' consideration. With regard to Part 5 of the draft Statement some debate took place on the identification by the Strategic Risk Register of a risk relating to the failure of partnerships as a result of conflicting priorities. In particular reference was made to the transfer of health care responsibilities and the associated funding of the service.

The Committee was asked to consider whether the draft Statement accurately reflected the governance arrangements and the management of risk.

### **RESOLVED**

**that the draft Annual Governance Statement for 2013/14 be approved for submission to the Leader and Chief Executive to be formally signed off.**

#### **A/14/9. Local Government Pension Scheme Update**

The Committee considered a report by the Chief Finance Officer which provided an update on recent developments in respect of the Local Government Pension Scheme, explained the governance arrangements in place and outlined the latest financial position of the Fund.

Following an introduction by the Head of Financial Control discussion took place with particular reference to the stabilisation of the Council's employer contribution rate and the related twenty year deficit recovery period.

### **NOTED**

**the Local Government Pension Scheme Update.**

#### **A/14/10. Internal Audit Annual Audit Opinion**

The Committee considered the annual report by the Head of Internal Audit and Risk which presented an opinion on the overall adequacy and effectiveness of the Council's financial and other management internal controls.

The report set out the following:

- an opinion on the overall adequacy and effectiveness of Central Bedfordshire's framework of governance, risk management and control for the 2013/14 financial year
- a summary of the audit work undertaken that supported that opinion

- a highlight of the significant issues identified as part of Internal Audit's work, including those that were particularly relevant to the Annual Governance Statement
- a comparison of the Internal Audit work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and criteria
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

The Head of Internal Audit and Risk had concluded that whilst the internal control environment operated adequately during 2013/14 some areas of concern identified in the Annual Governance Statement needed to be dealt with promptly (minute A/14/8 above also refers).

**NOTED**

**the Internal Audit Annual Audit Opinion report.**

A/14/11. **Tracking of Audit Recommendations**

The Committee considered a report by the Chief Finance Officer which summarised the high priority recommendations arising from Internal Audit reports and the progress made in implementing them.

**NOTED**

**the report on the high risk recommendations arising from Internal Audit reports and the progress made in implementing the recommendations to date.**

A/14/12. **Audit Committee - Work Programme for 2014/15**

Members considered a report by the Chief Legal and Democratic Services Officer which set out the proposed Work Programme for the Committee for the 2014/15 municipal year.

**RESOLVED**

**that the proposed Audit Committee Work Programme for the municipal year 2014/15, as attached at Appendix A of the report of the Chief Legal and Democratic Services Officer, be approved subject to deleting the requirement for updates on the Local Government Pension Scheme at the Committee's meetings on 22 September 2014 and 30 March 2015.**

(Note: The meeting commenced at 10.00 a.m. and concluded at 12.11 p.m.)

