

Minutes

of a meeting of the

Audit and Governance

Committee

held at 6.30pm on Thursday 17 September 2009
at the Guildhall, Abingdon



Open to the Public, including the Press

Present:

Members: Councillor Dudley Hoddinott (Chair), Terry Cox, Janet Morgan, Mike Murray, Jerry Patterson, Judy Roberts and Robert Sharp

Ex-officio members: Councillors Matthew Barber and Tony de Vere

Officers: Steve Bishop, Alice Brander, David Buckle, Geoff Bushell, Steve Culliford, Susan Ellis, Mike Mackay, Piers Nunn, Penny O'Callaghan, Harry Oliver, Adrianna Partridge, Ann Sadler and Marcia Slater

External auditors: Anne Ockleston (Audit Commission) and Laura Hallez (Mazars)

Number of members of the public: 1

AG.15 Notification of Substitutes and Apologies for Absence

Apologies for absence were recorded from Councillors Andrew Crawford and Bill Melotti and from Maria Grindley of the Audit Commission.

AG.16 Minutes

The minutes of the meeting of the committee held on 30 June 2009 were adopted and signed as a correct record.

AG.17 Declarations of Interest

None

AG.18 Urgent Business and Chair's Announcements

The Chair asked everyone to switch off their mobile telephones during the meeting.

The Chair announced that the reports on the statement of accounts and the cash office would be considered early in the meeting to allow the consultant to leave.

AG.19 Statements and Petitions from the Public Under Standing Order 32

None

AG.20 Questions from the Public Under Standing Order 32

None

AG.21 Strategic Risk Register Update

The committee received and considered report 46/09 of the Head of HR, IT and Customer Services. The report gave an update on progress with the council's strategic risk register and gave the committee an opportunity to review the register. The Executive portfolio holder, Councillor Richard Farrell, introduced the report. He believed that the strategic risk register demonstrated that the council was managing its risks and the committee concurred with this view.

In response to a question raised by one councillor regarding item VSR002 (promoting the local economy), the strategic director agreed to consider whether the council should actively promote the local economy outside its own activities and report back to councillors on this outside of the meeting.

The committee welcomed the timetable for submission of future reports on the risk management strategy, the strategic and operational risk registers, and business continuity.

RESOLVED

- (a) that the contents of the strategic risk register be noted;*
- (b) that it be agreed that the committee is satisfied that the council is managing its strategic risks effectively;*
- (c) that with regard to item VSR002 (promoting the local economy) in the strategic risk register, consideration be given as to whether the council should actively promote the local economy outside its own activities; and*
- (d) that the future reporting timetable for reviews of the risk management strategy, the strategic and operational risk registers, and business continuity be noted.*

AG.22 Comments and Complaints 2008/09

The committee received and considered a review of comments and complaints received by the council in 2008/09.

Councillors were pleased at the high number of compliments received by the council. It was noted that there were a low number of complaints, mostly relating to council tax, benefits, business rates, and assisted travel.

RESOLVED

that the review of comments and complaints received in 2008/09 be noted.

AG.23 Internal Audit Activity Report Quarter 2 2009/10

The committee received and considered report 47/09 of the Audit Manager which set out the detailed audits of council services completed during the second quarter (July to September) of 2009/10. There were nine audit reports. The committee concentrated on those audits with limited assurance ratings, of which there were three. The remainder had received satisfactory assurance ratings. There were also four follow-up audit reports, all with satisfactory assurance ratings.

Council charges 2008/09 – limited assurance rating awarded

In answer to a point made by one councillor, the strategic director accepted that it was important to cover service costs when setting charges.

Direct Services Organisation overtime 2009/10 – limited assurance

Councillors noted that the overtime rates for the Vale's Direct Services Organisation staff were higher than other out-of-hours staff.

Records management 2009/10 – limited assurance

In answer to a question from one councillor, it was reported that if there were no legal requirements, each service area could establish how long its documents were kept. It was accepted that a council policy was needed to cover this. Councillors were reassured that important historical documents were kept, such as minutes of council meetings. Councillors noted that a data protection audit and freedom of information audit had been undertaken last year and an information governance audit was being undertaken this year.

Councillors queried the maintenance of databases commenting that managers should remove staff from their databases once they had left the council's employment. It was noted that a reminder system was in place to assist with this.

RESOLVED

that the report be noted.

AG.24 Internal Audit Management Report Quarter 2 - 2009/10

The committee received and considered report 48/09 of the Audit Manager which summarised the progress against the internal audit plan and set out priorities to the end of the third quarter, namely December 2009. The committee noted that there was a vacancy for a member of staff in the team, but it was hoped that this could be filled quickly and the plan completed during the financial year.

RESOLVED

that the report be noted.

AG.25 Annual Governance Statement 2008/09

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The committee received and considered the council's "Annual Governance Statement 2008/09". Although the content was similar to last year's statement, it had been revised to include better explanations.

Councillors suggested two amendments namely in paragraph 10.1 there should be a reference to the chairman of the Scrutiny Committee being a member of the opposition group and paragraph 23.2 should be amended to refer to ten members of this committee.

RESOLVED

that the "Annual Governance Statement for 2008/09" be amended as set out in the bullet points above.

AG.26 Audit Commission's Opinion on the Council's Financial Statements

The committee received and considered the "Annual Governance Report 2008/09" issued by the external auditor namely the Audit Commission. This included the external auditor's opinion on the council's financial statements. It was reported that the external auditor had issued a revised version three days prior to the committee meeting which included the council's use of resources assessment ratings. However, the pensions' information had not been received in time and therefore this had not been included. The committee was asked to delegate authority to the officers to sign the letter of representation at a later date.

The audit commission's report contained two parts namely an assessment of the council's accounts and an assessment of its use of resources.

Anne Ockleston of the audit commission reported that there was no intention to charge the council any further fee following the assessment of the council's 2008/09 accounts. She explained that although an error had occurred in the 2007/08 capital accounts, this was being tackled correctly and in a positive manner. The audit commission now viewed capital transactions as higher risk. However, she praised the council for the "very high standard" of its 2008/09 accounts.

The committee was satisfied that the Audit Commission had not identified any areas of concern in 2008/09. Although a capital accounting error had occurred in 2007/08, councillors were pleased that steps were being taken to avoid a repeat of this.

In answer to a question from one councillor, Anne Ockleston stated that the report contained the audit commission's opinion and findings of the 2008/09 accounts. She did not consider it appropriate to mention the 2007/08 capital accounting error in this report as the council was already aware of this. However, she accepted that the "key areas of judgement and audit risk" could include reference to the audit commission being satisfied with the way the error had been dealt with.

Anne Ockleston turned to the use of resources assessment which looked at arrangements and physical outcomes which showed improvements for Vale residents. The council's overall use of resources score was three out of four, which meant the council was performing well. She explained some of the scoring and the reasons why, in some assessments, the council had scored two (meaning good arrangements, but some areas needed improvement). These included financial reporting, governing the business, data quality, and good governance. To make the improvements, Anne Ockleston suggested that the council

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needed to develop its workforce to bridge the skills gap. The committee noted that new arrangements were in place to make the necessary improvements. The audit commission would seek examples of good governance arrangements and advise the council accordingly.

RESOLVED

- (a) *that the audit commission's report "Annual Governance Report 2008/09" be noted;*
- (b) *that the adjustments to the council's 2008/09 accounts be noted;*
- (c) *that the value for money conclusions and use of resources scores be noted; and*
- (d) *that authority be delegated to the Strategic Director and Section 151 Officer to sign the letter of representation on the council's behalf.*

AG.27 Statement of Accounts 2008/09

The committee received and considered the "Statement of Accounts 2008/09". Councillors recalled that the committee had approved the draft accounts in June for auditing by the council's external auditors, the Audit Commission. The audit commission had suggested some changes in its "Annual Governance Report 2008/09", which was the subject of consideration by the committee referred to elsewhere in these minutes.

The council's chief accountant now presented amended accounts for the committee's adoption, it being noted that adoption was required by 30 September 2009 being the statutory deadline. The committee considered the highlighted changes to the statement of accounts.

The committee thanked the chief accountant and her team for their hard work in preparing the accounts and highlighting the changes. Councillors asked the officer to publish the statement of accounts on the council's website, together with a foreword to guide the public.

In answer to a question from a councillor, it was reported that the return on the council's investment in the collapsed Icelandic bank, Landesbanki, was now expected to be around 83 per cent but the exact percentage had yet to be finalised.

RESOLVED

that the amended Statement of Accounts 2008/09 be approved.

AG.28 Continuation of Meeting

During consideration of the previous item "Statement of Accounts 2008/09", the committee paused to consider whether to adjourn the meeting in view of the lateness of the hour or whether to continue for up to 30 minutes to complete its remaining business.

RESOLVED

that in accordance with Standing Order 27(5), the meeting do continue for up to 30 minutes to complete the remaining business on the agenda.

AG.29 Exclusion of the Public, including the Press

RESOLVED

that in accordance with Section 100A(4) of the Local Government Act 1972, the public including the press be excluded from the remainder of the meeting to prevent the disclosure to them of exempt information, as defined in Section 100(l) of Part 1 of Schedule 12A, as amended, to the Act when the following items are considered: -

Statement of Accounts

(Category 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information.)

Cash Office

(Category 3)

AG.30 Statement of Accounts

The committee received and considered an investigation report undertaken by the council's consultant auditors on the Statement of Accounts and delegated authority to the officers to take action.

AG.31 Cash Office

The committee received and considered an internal audit investigation report on the cash office and resolved to take several actions.