

# **Minutes**

of a meeting of the

## **Audit and Governance Committee**



held at 6.30pm on Wednesday 17 March 2010  
at the Guildhall, Abingdon

**Open to the Public, including the Press**

### **Present:**

Members: Councillor Dudley Hoddinott (Chair), Julia Bricknell, Janet Morgan, Jerry Patterson, Judy Roberts and Robert Sharp

Substitute member: Councillor Roger Cox (in place of Councillor Terry Cox)

Officers: Steve Bishop, Steve Culliford, William Jacobs, Piers Nunn, Penny O'Callaghan, Nilesh Parma, Ann Sadler, Marcia Slater and Bob Watson

Invitees: Anne Ockleston (Audit Commission) and Sue King (Capita)

Number of members of the public: Nil

### **AG.47 Notification of substitutes and apologies for absence**

Apologies for absence were received from Councillors Andrew Crawford, Terry Cox (substituted by Councillor Roger Cox), Bill Melotti, and Mike Murray, as well as Maria Grindley from the Audit Commission.

### **AG.48 Minutes**

The committee adopted and signed as a correct record the minutes of its meeting held on 13 January 2010.

### **AG.49 Declarations of interest**

None

### **AG.50 Urgent business and chair's announcements**

The Chair congratulated the Institute of Internal Auditors on its award of chartered status.

**AG.51 Statements, petitions and questions from the public relating to matters affecting the audit and governance committee.**

None

**AG.52 Risk management update**

The committee received and considered report 123/09 of the Head of HR, IT, and Customer Services. This updated councillors on the council's risk management arrangements and the management of operational and strategic risks. The committee noted examples of these risks and thanked the officer for the update report.

*RESOLVED*

*that the report be noted.*

**AG.53 Anti-money laundering policy**

The committee received and considered report 124/09 of the Head of Finance, which set out a draft anti-fraud and corruption policy for consideration and recommendation to the Executive. Officers had developed this with South Oxfordshire District Council and the policy was due to for consideration by South Oxfordshire's audit committee and cabinet.

The committee supported the draft policy and asked for staff training.

*RESOLVED*

*that the Executive be recommended to adopt the anti-money laundering policy.*

**AG.54 2009/10 Opinion Plan**

Anne Ockleston of the Audit Commission introduced her "Audit Opinion Plan 2009/10". This set out the work the Audit Commission intended to undertake on the council's 2009/10 financial statements. The Audit Commission did not propose increasing the audit fee for this work, as there were no known areas of concern at present and it had no reason to expect any problems would occur.

The committee thanked Anne Ockleston for her report.

*RESOLVED*

*that the report be noted.*

## **AG.55 Certification of 2008/09 grant claims**

The committee received and considered the Audit Commission's report on the certification of 2008/09 grant claims. The Audit Commission had qualified the council's housing benefit grant subsidy claim and had concluded that the control environment for making the subsidy claim had been inadequate. These findings had been accepted by the Department of Work and Pensions.

The committee noted that the government had penalised the council for exceeding the local authority error threshold following recent errors made by the contractor, Capita, and historic errors made by the council's in-house team. The council was seeking compensation from Capita through contract penalties. An action plan set out steps to improve performance; this was welcomed. The committee considered the actions for improvements were adequate and noted that the Ridgeway Shared Services Partnership Strategic Board and the Scrutiny Committee were both monitoring progress closely. The Audit Commission would also monitor implementation of the action plan.

*RESOLVED*

*that the report be noted.*

## **AG.56 Internal audit activity - Fourth Quarter 2009/10**

The committee received and considered report 125/09 of the Head of Finance, which set out individual audit reports from internal audits undertaken in the preceding months. Following completion of the audits, the auditor had given each audited service an assurance rating. There were two audits with satisfactory assurance ratings, and three with limited ratings. There were also four follow-up reports presented, one with full assurance rating, and three with satisfactory ratings. The committee concentrated on those audits with limited assurance ratings.

### **Payroll**

This audit had received a limited assurance rating. Councillors noted that this was largely due to the lack of service level agreement between the council and the service provider, Capita. This led to a number of issues picked up in the audit and an action plan was in place to overcome these. The committee welcomed the action plan and agreed to change the deadline to complete the service level agreement to 30 April 2010.

### **Value for money procurement 2009/10**

This audit had received a limited assurance. Councillors considered a revised audit report after the original report resulted in many questions at the last committee meeting. The committee was satisfied with the amended audit report and the service manager's responses.

## **Brown bins**

This had received a limited assurance rating also. The strategic director responsible for the brown bin service gave an update on progress with reconciling records between the customer database and the council's financial management system that managed customer accounts. This work was almost complete and any customers in arrears would soon receive reminder letters. Where customers refused to pay, the council would suspend the service and retrieve the brown bin.

*RESOLVED*

*that the report be noted.*

## **AG.57 Review of Internal Audit Reports 2011/12**

The committee received and considered report 127/09 of the Strategic Director and Section 151 Officer. This sought councillors' agreement to include only internal audit reports on the committee's agenda with nil or limited assurance ratings. Internal audit reports with satisfactory or full assurance rating would no longer be included in the agendas but would continue to be available to committee members electronically. However, by exception members could escalate these reports on request for discussion at a committee meeting.

Despite rejecting a similar proposal a year ago, the committee reviewed this decision and concluded that this procedure would bring significant time and cost savings.

*RESOLVED*

- (a) that only limited and nil assurance internal audit reports be presented to the committee; and*
- (b) that satisfactory or full assurance internal audit reports will be available to committee members electronically but will only be presented to the committee on request.*

## **AG.58 Internal audit management report - Fourth quarter 2009/10**

The committee received and considered report 126/09 of the Audit Manager, which summarised the progress of the internal audit team against the audit plan, and summarised the priorities for 2010/11.

*RESOLVED*

*that the report be noted.*

## **AG.59      Audit Plan 2010/11**

The committee received and considered report 128/09 of the Head of Finance, which set out a draft audit plan for 2010/11. Councillors noted that due to a temporary reduction in staff levels, the audit plan would concentrate on the higher priority and higher risk areas in the forthcoming year. The committee accepted this.

*RESOLVED*

*that the internal audit plan 2010/11 be adopted.*

## **AG.60      Audit and governance work programme**

The committee received and considered its first draft work programme. This set out a schedule of matters requiring the committee's attention and allocated them to the committee's meetings throughout 2010/11. The committee reviewed the draft programme and suggested amendments.

*RESOLVED*

*that the Audit and Governance Committee's work programme for 2010/11 be welcomed and adopted, subject to the inclusion of:*

- *an update to the Audit Commission's opinion plan in June 2010*
- *a report on treasury management in January 2011*
- *the Audit Commission's annual audit letter in January 2011*
- *the Audit Commission's opinion plan in March 2011*

## **Exempt information under Section 100A(4) of the Local Government Act 1972**

None

The meeting rose at 8.36 pm