

Minutes

of a meeting of the

Audit and Governance Committee



held at 6.30pm on Wednesday 9 March 2011
at the Guildhall, Abingdon

Open to the public, including the press

Present:

Members: Councillors Dudley Hoddinott (Chair), Richard Farrell (Vice-Chair), Terry Cox, Andrew Crawford, Mike Murray, Judy Roberts, Robert Sharp and Richard Webber

Substitute member: Councillor John Woodford (in place of Councillor Janet Morgan)

Officers: Kate Arnold, Steve Bishop, Steve Culliford, Andrew Down, Nigel Haverson, Paul Howden, William Jacobs, Adrianna Partridge, Marcia Slater and Chris Webb

Invitees: Anne Ockleston (Audit Commission) and Darren Keen (Capita)

Number of members of the public: Nil

AG.39 Notification of substitutes and apologies for absence

Councillor Janet Morgan had sent her apologies for absence and appointed Councillor John Woodford as her substitute.

AG.40 Minutes

RESOLVED: To adopt as a correct record the committee's minutes of 12 January 2011 and agree that the chair signs them.

AG.41 Declarations of interest

None

AG.42 Urgent business and chair's announcements

The chair announced that the Council had approved the strategic director's recommendation on the 'Banks 4' criteria in the treasury management and

investment strategy. The chair also announced that the follow-up audit on the handling of postal cash and cheques was included in internal audit's report for this meeting.

AG.43 Statements, petitions, and questions from the public relating to matters affecting the Audit and Governance Committee

None

AG.44 Internal audit activity report - fourth quarter 2010/11

The committee considered report 114/10 of the audit manager. This summarised the outcome of recent internal audit activity. Since the committee's last meeting, internal audit had completed four audits and one follow-up audit.

White Horse Leisure and Tennis Centre 2010/11

The committee noted that the contract manager had agreed to internal audit's recommendations. However, councillors noted that the audit had established that not all leisure centre staff had criminal records bureau checks. Since the audit, the contractor had checked all staff. Councillors recognised that the council had a reputational risk but questioned whether the legal responsibilities for the checks lay with the council or the contractor. The audit manager agreed to investigate this and report in the follow-up audit.

Health and Safety 2010/11

The committee noted that the health and safety adviser had agreed to internal audit's recommendations.

Handling of postal cash and cheques 2010/11

The committee noted that the facilities manager had agreed internal audit's recommendations. Since the last meeting when the committee expressed concern at the number of staff opening post and accounting for any cash and cheques received, councillors noted that a survey of the services areas found that the only area of concern was the general post room where only one member of staff opened the post. The head of service had agreed that for a trial period, until the council reviewed the local services point function, two staff members would open the post to overcome the committee's concerns.

RESOLVED: To note the report.

AG.45 Internal audit management report - fourth quarter 2010/11

The committee considered report 115/10 of the audit manager. The report updated on the management of internal audit, summarised the progress against the 2010/11 audit plan, and outlined the priorities until the end of the financial year in March.

Councillors noted that it was likely that three low priority audits from 2010/11 would still be in progress at the end of March.

In answer to a question from a councillor, the committee noted that internal audit had postponed the audit on the brown bins service at the request of the head of corporate strategy. The head of service wanted to allow the Ridgeway Shared Services Partnership sufficient time to make improvements to the administration of the service before carrying out the audit.

RESOLVED: to note the report.

AG.46 Audit Plan 2011/12

The committee considered report 116/10 of the audit manager that proposed an internal audit plan for 2011/12.

In compiling the draft plan, the audit manager had consulted the chief executive, strategic directors, and the heads of service, as well as the Audit Commission, to ensure that the plan reviewed the areas of highest risk and importance.

In answer to a question from a councillor, Anne Ockleston of the Audit Commission reported that her programme of work complemented internal audit's plan. She had no concerns with the proposed plan.

RESOLVED: to approve the internal audit plan for 2011/12.

AG.47 Certification of claims and returns - annual report 2009/10

The committee considered the Audit Commission's annual report on the certification of claims and returns. The Audit Commission had to certify where the council claimed government grants, and whether the council spent the money within the government's conditions. This related to grants of £125,000 or more. In 2009/10, the Audit Commission found errors in the housing and council tax benefits' claim. The Audit Commission both amended and qualified the claim. The main areas where the claim was qualified were:

- an inadequate system for awarding benefits
- an underpayment of benefits to claimants of non-statutory amounts of maternity pay
- rent allowance overpayments
- miscalculated benefit awarded to claimants receiving statutory retirement pension
- council tax overpayments

The Department of Work and Pensions had accepted the Audit Commission's findings. The department was recovering subsidy paid to the council for exceeding its upper limit of allowable errors. The repayable subsidy could be up to £90,000. The council could reclaim this penalty from its contractor, Capita. The committee

noted that Capita administered the benefits' service. Capita had submitted evidence to the Department of Work and Pensions in the council's defence. If accepted by the government department, this could offset the repayable subsidy. Anne Ockleston of the Audit Commission explained that the errors were incorrect payments and errors placed in the wrong category when completing the subsidy claim.

The committee noted that in 2010/11, the council's contractor had improved its benefits performance. The committee analysed a graph showing recent performance of administering benefits' claims accurately. This was due to Capita improving procedures and employing additional staff. The committee welcomed the step up in performance.

RESOLVED: to note the Audit Commission's annual report on the certification of claims and returns.

AG.48 Audit opinion plan 2010/11

The committee considered the Audit Commission's 2010/11 opinion audit on changes the council could expect to see in external audit activities. The Audit Commission, as part of its changing role, would no longer be giving the council a scored assessment on its use of resources. However, it would assess whether the council provided value for money. This would concentrate on arrangements for securing:

- financial resilience (looking at financial systems, controls, and forward planning) and
- challenging how the council secured economy, efficiency, and effectiveness (looking at how the council prioritised resources, and improved efficiency and productivity)

The Audit Commission would continue to audit the council's accounts, but to the new international financial reporting standards. There was a requirement to evaluate the council's accounting estimates, and to identify any deficiencies in the council's internal control procedures.

RESOLVED: to note the Audit Commission's 2010/11 opinion audit on changes the council could expect to see in external audit activities.

AG.49 Audit and governance work programme

The committee reviewed its work programme for 2011/12. It added the Audit Commission's annual governance report to the programme for September.

The committee also noted that the government had proposed changes to the requirements for approving the draft statement of accounts for audit. The committee might not have to approve the accounts in June each year; the section 151 officer might be permitted to do this instead. However, the committee could consider the draft accounts in July. It was possible that the June meeting of the committee could be move to July.

RESOLVED: to adopt the audit and governance work programme for 2011/12, as amended.

AG.50 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) and Part 1 of Schedule 12A, as amended, to the Act when the following items are considered:

Internal audit investigation

(Category 1 - Information relating to any individual.)

(Category 2 - Information which is likely to reveal the identity of any individual.)

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

SUMMARY OF EXEMPT MINUTES

AG.51 Internal audit investigation

The committee noted a report on an internal audit investigation.