

Minutes

of a meeting of the

Audit and Governance

Committee

held on Monday 27 January 2014 at 7.00pm
in the Council Chamber, The Abbey House, Abingdon



Open to the public, including the press

Present:

Members: Councillors Mohinder Kainth (Vice-Chairman – in the chair),
St John Dickson, Dudley Hoddinott, Angela Lawrence, Pat Lonergan, Sandy Lovatt,
Judy Roberts and Andrew Skinner

Officers: Steve Bishop, Steve Culliford, William Jacobs, Craig Pullen and Bob Watson

Number of members of the public: Nil

AG.31 Notification of substitutes and apologies for absence

Councillor Simon Howell (Chairman) had sent his apologies for absence. Councillor Mohinder Kainth (Vice-Chairman) took the chair for this meeting.

AG.32 Minutes

RESOLVED: to adopt as a correct record the minutes of the committee meeting held on 23 September 2013 and agree that the chairman signs them.

AG.33 Actions arising

The committee considered the actions arising report that set out progress against the committee's decisions at previous meetings and updated the schedule.

RESOLVED: to

(a) update the actions arising schedule as follows:

(a) Internal audit activity report fourth quarter 2012/13	Committee Date – 20 March 2013
The committee asked the officers to report on ways in which the council's insurance officer advises Wantage Civic Hall staff of the insurance arrangements in place and to	

consider if such communications should be enhanced in any way.	
Comment Accountancy discuss and confirm insurance arrangements with each head of service annually. Accountancy will respond to specific questions regarding these arrangements but does not have the resource to engage with every operational team.	Action Remove from actions arising list.
(b) Internal audit activity – first quarter 2013/14	Committee Date – 24 June 2013
The committee agreed to monitor the systemic control weaknesses carefully.	
Comment The committee agreed to monitor the systemic control weaknesses to assess whether improvements are being made and if not, to determine a course of action. This is contained in the internal audit activity report to each committee meeting.	Action Remove from actions arising list.
(c) External auditor’s report	Committee Date – 24 June 2013
The committee asked the strategic director to consider consulting on the public’s comprehension of council financial information.	
Comment The strategic director will consider using the citizens' panel to assess comprehension of financial information.	Action Retain on this actions arising list.
(d) Internal audit management report – second quarter 2013/14	Committee Date – 23 September 2013
The committee asked the audit manager to investigate alternative software to redesign the audit plan schedule, so that it shows progress on each audit, and estimates completion time.	
Comment Alternative software not used by the council. However, the audit manager amended the schedule to use the ‘exceptions’ column in appendix 1 of the report to explain any variances from the original plan.	Action Remove from actions arising list.
(e) Audit and governance work programme	Committee Date – 23 September 2013
The committee asked the officers to report in January 2014 on progress made with the implementation of the new computerised asset management system.	
Comment Bob Watson updated the Committee in January.	Action Remove from actions arising list.

- (b) add to the actions arising schedule to request officers to report to the committee in March 2014 on the council's risk management strategy and an overview of the council's strategic risk registers.

AG.34 Declarations of interest

None

AG.35 Urgent business and chairman's announcements

None

AG.36 Statements, petitions, and questions from the public relating to matters affecting the Audit and Governance Committee

None

AG.37 Treasury management mid-year report 2013/14

The committee considered the head of finance's report that monitored performance of the council's treasury management function for the first half of 2013/14.

RESOLVED: to

- (a) note the treasury management mid-year monitoring report 2013/14; and
- (b) record that the committee is satisfied that the treasury management activities are carried out in accordance with the treasury management strategy and policy.

AG.38 Treasury management and investment strategy 2014/15

The committee considered the head of finance's report that reviewed the treasury management and investment strategy for 2014/15. This recommended:

- raising the authorised limit and operational boundary for borrowing by £20 million in order to enable the council to borrow £20 million for infrastructure works in support of the Science Vale UK Enterprise Zone
- the council should not borrow more than or in advance of its needs purely to profit by investing the sums borrowed
- inserting a minimum revenue provision to match repayments and funding from the local enterprise partnership business rate growth to neutralise impact on local taxation

The committee supported the changes to the strategy in the knowledge that Cabinet would take any decisions to borrow, and such decisions would be open to scrutiny.

RESOLVED: to recommend Cabinet to recommend to Council to

- (a) approve the treasury management strategy 2014/15;

- (b) approve the prudential indicators and limits for 2014/15 to 2016/17 as set out in table 2, appendix A to the head of finance's report; and
- (c) approve annual investment strategy 2014/15 set out in appendix A and the lending criteria detailed in table 5 to the head of finance's report.

AG.39 Fixed asset management system

The committee received an update on progress with a new computerised asset management system. The officers were testing the new system, running it alongside the previous system. So far the tests had proved successful. The committee welcomed this news.

AG.40 Internal audit activity - third quarter 2013/14

The committee considered the audit manager's report on internal audit activity in the third quarter 2013/14, covering the period October to December 2013. Of the audits referred to in the report, five had received a full assurance rating from internal audit, and four had received a satisfactory assurance rating. The report also referred to four follow-up audits, one of which had received full assurance rating and three had received satisfactory assurance. The committee was pleased to note that no audits had received a limited or nil assurance rating.

The committee also noted that the number of system control weaknesses had reduced since the last meeting. This was due to internal audit completing several key financial audits and follow up reviews. However, the audit manager reported that he still believed the incidence of these weaknesses was too high and he intended to review these before the next committee meeting to determine whether service managers had completed any outstanding internal audit recommendations. The committee agreed to review the systemic control weaknesses again at its next meeting to determine whether to call line managers before the committee to answer councillors' questions.

RESOLVED: to

- (a) note the internal audit activity report; and
- (b) review the systemic control weaknesses at the next committee meeting to determine whether to call relevant line managers before the committee to answer councillors' questions.

AG.41 Internal audit management - third quarter 2013/14

The committee considered the head of finance's report on management issues within the internal audit service during the third quarter 2013/14, being October to December 2013. The committee welcomed the revised appendix 2 showing progress against the audit plan 2013/14. The committee noted that internal audit was on target to complete the audit plan with the exception of one audit of temporary accommodation that would be delayed to avoid disruption to the service at a critical time.

The committee also noted that the audit manager was recruiting an auditor to the vacant post.

RESOLVED: to note the internal audit management report.

AG.42 External auditor's annual audit letter 2012/13

The committee considered the annual audit letter 2012/13 from the council's external auditor's, Ernst & Young. This set out the key issues found during the year:

- There were no material misstatements in the council's statement of accounts, resulting in an unqualified opinion on the financial statements
- There were proper arrangements in place for securing financial resilience and securing economy, efficiency and effectiveness, resulting in an unqualified value for money conclusion
- No objections had been received from the public to the council's accounts
- There were no areas of concern in the accuracy of the consolidation pack the council prepared for the whole of government accounts
- There were no areas of concern in the council's annual governance statement
- There were no significant deficiencies in internal control

RESOLVED: to welcome the external auditor's annual audit letter 2012/13 and congratulate the officers on the performance throughout the year.

AG.43 External auditor's report on the certification of claims and returns 2012/13

The committee considered the external auditor's annual report on the certification of the council's claims and returns 2012/13. Adam Swain from Ernst & Young reported that the council's housing and council tax benefits' subsidy claim had received an unqualified opinion, and there were no issues found with separately uploading the parameters onto the system, as recommended by the external auditor last year. The only error in the claims resulted in a reduction of the subsidy by £16,540. The error had been corrected. There was also an unqualified opinion on the council's national non-domestic rates return.

Mr S Bishop, Strategic Director, stated that the report was good news, highlighting the first unqualified benefits subsidy claim in several years indicating an improvement in processes.

Finally, the committee noted that the audit fee for 2012/13 was £19,750.

RESOLVED: to note the external auditor's report on the certification of claims and returns 2012/13.

AG.44 Audit and governance work programme

The committee noted its work programme for the remainder of 2014 and added two items for its March meeting:

- a report on the council's risk management strategy and an overview of the council's strategic risk registers
- review the systemic control weaknesses to determine whether to call line managers before the committee to answer councillors' questions

RESOLVED: to update the committee's work programme as set out in the bullet points above.

Exempt information under section 100A(4) of the Local Government Act 1972

None

The meeting closed at 8.15 pm