

Minutes

of a meeting of the

Audit and Governance

Committee

held on Monday 23 September 2013 at 6.30pm
in the Council Chamber, The Abbey House, Abingdon



Open to the public, including the press

Present:

Members: Councillors Simon Howell (Chairman), St John Dickson, Dudley Hoddinott, Pat Lonergan, Sandy Lovatt and Judy Roberts

Substitute members: Councillor Eric Batts (in place of Councillor Mohinder Kainth – Vice-Chairman), and Councillor Julia Bricknell (in place of Councillor Andrew Skinner)

Officers: Steve Bishop, David Buckle, Steve Culliford, Robert Draper, Liz Hayden, William Jacobs, Sheeraz Khan, Craig Pullen and Bob Watson

External auditors: Maria Grindley, Anne Ockleston, and Adam Swain (all from Ernst & Young)

Number of members of the public: Nil

AG.15 Notification of substitutes and apologies for absence

Councillors Mohinder Kainth (Vice-Chairman), Angela Lawrence, and Andrew Skinner had all sent their apologies for absence. Councillor Eric Batts attended as Councillor Mohinder Kainth's substitute, and Councillor Julia Bricknell attended as Councillor Andrew Skinner's substitute.

AG.16 Minutes

RESOLVED: to adopt as a correct record the minutes of the committee meeting held on 24 June 2013 and to agree that the chairman signs them.

AG.17 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 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 advise Councillor Johnston whether the internal audit recommendation to train staff at the council's mobile home parks was in hand.	
Comment Information provided to Councillor Johnston on 26 March 2013. At the committee's request, the same information was sent to all committee members on 25 June 2013.	Action Remove from actions arising list.
(b) Internal audit activity report fourth quarter 2012/13	Committee Date – 20 March 2013
The committee asked the officers to report on the 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 Head of finance will respond.	Action Retain on actions arising list.
(c) Audit and governance work programme	Committee Date – 20 March 2013
The committee asked the officers to arrange an informal question and answer session on the statement of accounts in the summer 2013.	
Comment The annual statement of accounts will be presented to the committee on 23 September 2013. An informal question and answer session will be held on 16 September 2013 so councillors will have the latest and most accurate accounts.	Action Remove from actions arising list.
(d) Internal audit activity – first quarter 2013/14	Committee Date – 24 June 2013
The committee asked the strategic director to ensure that every internal audit report is sent all committee members.	
Comment The audit manager has confirmed that all committee members are sent copies of every internal audit report.	Action Remove from actions arising list.
(e) 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.	Action Retain on actions arising list.

(f) 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 actions arising list.

(g) External auditor's report	Committee Date – 24 June 2013
The committee asked the strategic director to circulate a copy of the recent internal audit report on the development management part of the planning service.	
Comment The development management internal audit report was circulated to all committee members by email on 25 June 2013.	Action Remove from actions arising list.

(h) Training	Committee Date – 24 June 2013
The officers agreed to organise a further training session for councillors on treasury management, preferably shortly before the January 2014 committee meeting when the treasury management strategy will be discussed.	
Comment This training has been arranged for Monday 27 January 2014 at 6pm with the committee meeting to follow at 7pm.	Action Remove from actions arising list.

AG.18 Declarations of interest

None

AG.19 Urgent business and chairman's announcements

None

AG.20 Statements, petitions, and questions from the public relating to matters affecting the Audit and Governance Committee

None

AG.21 Review of complaints received during 2012/13

The committee considered the chief executive's report on complaints received during 2012/13. This showed that the number of complaints had reduced significantly in the past two years. Of the 60 complaints received during the year, 21 related to the planning service, 19 related to benefits, the remainder spread amongst the other services. Most complaints had been resolved to the complainant's satisfaction at stage 1. The local government ombudsman found in the council's favour in all complaints referred to him.

In answer to a question from a councillor, the officers would ask the county council to review its signage to make it clear that the two-hours free parking related to the council's car parks, not on-street parking.

RESOLVED: to note the report.

AG.22 Internal audit activity report - quarter 2, 2013/14

The committee considered the audit manager's report on internal audit activity in the second quarter 2013/14, covering the period July to September 2013. Of the audits referred to in the report, five had received a satisfactory assurance rating from internal audit, and one had received a limited assurance rating. The report also referred to two follow-up audits, both of which had received satisfactory assurance from internal audit.

The committee considered the internal audit report on the licensing function, which had received limited assurance. Councillors noted that in March 2012, the council had realigned its licensing functions across both the Vale and South Oxfordshire District Councils so that animal welfare was now the responsibility of the environmental protection team.

The committee also noted appendix 2, which updated on the systemic control weaknesses identified by internal audit. These were recurring weaknesses across a number of service areas and included policies and procedures not being comprehensive, up-to-date, not being the responsibility of a single officer. The committee noted that the number of occurrences of these identified weaknesses was increasing. However, this was likely to reduce, as internal audit would soon complete several financial audits and follow-up audits. The committee agreed to monitor these weaknesses carefully.

RESOLVED: to note the internal audit activity report for the first quarter in 2013/14.

AG.23 Internal audit management report - quarter 2, 2013/14

The committee considered the audit manager's report on management issues within internal audit service during the second quarter 2013/14. The committee noted that internal audit was on target to complete the 2013/14 audit plan. However, the committee asked the officers to investigate alternative software to redesign appendix 2, the audit plan schedule, so that it in future it showed progress on each audit, and estimated completion time.

The committee noted that the internal audit service would soon lose one of its auditors, Sheeraz Khan; recruitment for a temporary replacement would take place shortly.

RESOLVED: to

- (a) note the internal audit management report for the first quarter of 2013/14.
- (b) investigate alternative software to redesign the audit plan schedule, so that it shows progress on each audit, and estimated completion time.

AG.24 External auditor's audit results report 2012/13

Maria Grindley from Ernst & Young, the council's external auditor, presented her audit results report for the year ended 31 March 2013. This summarised the external auditor's

preliminary audit conclusion of the council's financial position and results of operation for 2012/13. The auditor:

- issued an unqualified opinion on the council's financial statements
- charged an additional fee of £3,500 for extra work to verify the accuracy of the financial adjustments
- found no evidence of fraud or corruption in the financial statements

Ms Grindley congratulated the council on preparing a good set of accounting statements. The committee thanked the officers for their work on the accounts and their strong performance.

The committee noted that Ernst & Young had identified a challenge for the council in 2013/14, as it moved towards a computerised system for fixed asset management and accounting. The external auditor suggested that the council should introduce quality checks to ensure the figures entered into the accounts were accurate.

The committee noted that Anne Ockleston was retiring shortly and thanked her for her work. The committee welcomed the new external audit manager, Adam Swain as Ms Ockleston's replacement.

RESOLVED: to note the external auditor's report.

AG.25 Letter to those charged with governance

The committee noted that the chairman and the section 151 officer had signed a 'letter to those charged with governance', that being to the external auditor, as part of the process in completing the statement of accounts. Copies of the letter were available for committee members.

AG.26 Letter of representation

The committee noted that the chairman and the section 151 officer had signed a 'letter of representation' to the external auditor, as part of the process in completing the statement of accounts. Copies of the letter were available for committee members.

AG.27 Statement of accounts 2012/13

The committee considered the statement of accounts 2012/13. In answer to a question from a councillor, the accounts had been prepared to meet the international financial reporting standards, guidance from the external auditor, and guidance from the Chartered Institute of Public Finance and Accountancy. The accounting for the council's investment in Landsbanki, the Icelandic bank, had followed these requirements; over time, the council would re-coup the investment following the bank's collapse in 2008.

Councillors noted that the external auditor, Ernst & Young, had given an unqualified opinion on the accounts; the committee welcomed this.

RESOLVED: to approve the statement of accounts 2012/13.

AG.28 Annual governance statement 2012/13

The committee considered the annual governance statement 2012/13. The set out how the council had met the requirements of good governance over the year, and suggested areas for improvement in 2013/14. The committee noted that the changes suggested by committee members and the external auditor had been incorporated in this final version.

RESOLVED: to approve the annual governance statement 2012/13.

AG.29 Treasury management outturn 2012/13

The committee considered the head of finance's report that monitored the council's treasury management activities in 2012/13. Despite a fall in market interest rates, during 2012/13 the council's investments generated £553,000 in investment income. This was £136,000 above the original budget estimate for the year. This performance was also above the industry average for 2012/13. The committee noted that to achieve this, the council had closed its Investec investment account and invested in banks with higher returns. The committee congratulated the officers on their strong treasury management performance during the year.

RESOLVED: to

- (a) note the treasury management outturn report 2012/13; and
- (b) record that the committee is satisfied that the treasury activities have been carried out in accordance with the treasury management strategy and policy.

AG.30 Audit and governance work programme

The committee reviewed its work programme, noting the business it was due to consider at its next meetings.

RESOLVED: to update the work programme with the addition of:

- the external auditor's annual grants report in January 2014
- An officer report on the implementation of a computerised asset management system in January 2014

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

None

The meeting closed at 7.40 pm