

Minutes

of a meeting of the

Audit and Governance

Committee

held on Thursday 3 July 2014 at 6.30 pm

at the The Lockinge, The Beacon (formerly Wantage Civic Hall), Portway,
Wantage, OX12 9BY



Open to the public, including the press

Present:

Members: Councillors Simon Howell (Chairman), Mohinder Kainth (Vice-Chairman), St John Dickson, Debby Hallett (In place of Judy Roberts), Dudley Hoddinott, Angela Lawrence, Pat Lonergan, Julia Reynolds and Andrew Skinner

Officers: Steve Culliford, Phil Ealey, William Jacobs, Gemma Mulveygibbs, Nilesh Parmar, Jo Paterson, Craig Pullen and Alan Wylde

AG.1 Notification of substitutes and apologies for absence

Councillors Judy Roberts and Sandy Lovatt had sent their apologies for absence. Councillor Debby Hallett was appointed as Councillor Judy Roberts' substitute.

AG.2 Minutes

RESOLVED: to adopt as a correct record the minutes of the committee meeting held on 17 March 2014 and agree that the chairman signs them.

AG.3 Actions arising

The committee considered the actions arising report.

RESOLVED: to

- (a) retain the following actions in the actions arising report:
- The strategic director to consider consulting on the public's comprehension of council financial information
 - To change the process for monitoring systemic control weaknesses to put the onus on the heads of service to address outstanding issues and for the audit manager to update the committee on progress with the committee concentrating on high level issues. The committee retained this to test effectiveness of the new system

- (b) remove the following action from the actions arising report as it is now complete:
- the elections review 2014, as this will now be conducted by the Scrutiny Committee and not by the audit team or the Audit and Governance Committee

AG.4 Declarations of interest

None

AG.5 Urgent business and chairman's announcements

None

AG.6 Statements, petitions, and questions from the public relating to matters affecting the Audit and Governance Committee

None

AG.7 Internal audit activity - first quarter 2014/15

The committee considered the audit manager's report on internal audit activity during the first quarter 2014/15. This summarised the outcomes of recent audit activity. Seven audits had been completed during the quarter, together with six follow-up audits.

Temporary accommodation 2014/15

The committee considered the audit report on temporary housing accommodation, which had been given limited assurance by internal audit. The committee questioned the service manager on progress with the redevelopment of the Harcourt Way site in Abingdon, which through the Old Gaol redevelopment agreement had been allocated as a site for new temporary accommodation. The officers agreed to refer this question to the council's strategic management board. The committee also asked when the homelessness strategy would be reviewed; the officers reported that this was due to occur in the autumn. In response to a question on the condition of properties in Grove Street, Wantage, the committee noted that the condition of these properties was being reviewed along with the action required to bring them up to habitable standard. The council was recruiting to the post of head of housing. The committee believed it was important to fill this vacancy to tackle the issues identified in the report and the questions raised by the committee. Councillors believed that an action plan was needed to address these issues. The committee noted that temporary accommodation would be subject to a follow-up audit in the next three months. The chairman asked that the follow-up audit report was presented to the committee at its meeting in September.

The Beacon, Wantage 2013/14

Councillors St John Dickson and Julia Reynolds both made statements that they were members of Wantage Town Council which was a user of The Beacon. However, as they had no disclosable pecuniary interest in the item they remained in the meeting.

The committee considered the audit report on The Beacon, Wantage (formerly Wantage Civic Hall) in 2013/14. This had been given limited assurance by internal audit. The committee questioned the nature of the use agreement with Wantage Town Council, noting that this was a historical arrangement that resulted in the council incurring costs. The committee noted that the officers were renegotiating the agreement with the town council. The committee noted that the audit report had concentrated on system weaknesses and many of the recommendations were now embedded.

Outstanding recommendations from past audit reports

The committee also considered a summary of outstanding recommendations from all internal audit reports over the past four years. A schedule setting these out was made available at the meeting and would become a regular part of the internal audit activity report. If it became apparent that a particular service was not implementing these recommendations, the committee could call the head of service to attend the next meeting to explain why. The committee welcomed this, noting that in recent months the number of outstanding recommendations had reduced significantly, and only three outstanding recommendations fell within internal audit's high risk category. To test the system, the committee called for the head of service to the next committee meeting to answer questions on outstanding actions from the 2011/12 audits on election payments and Building Control.

The committee noted that in future, the relevant the head of service's title should appear against outstanding recommendations in the schedule. Councillors also asked that there should be a note to indicate the number of outstanding recommendations by service area.

RESOLVED: to

- (a) note the internal audit activity report for the first quarter 2014/15; and
- (b) to call the head of service to the next committee meeting to answer questions on outstanding actions from the following audits:
 - Election payments 2011/12
 - Building Control 2011/12

AG.8 Internal audit management report - first quarter 2014/15

The committee considered the audit manager's management report on internal audit for the first quarter 2014/15. The committee noted that a new auditor had been appointed and had joined the team and that the audit manager would be returning to her post in August following maternity leave. The committee thanked Mr Pullen for his work for the council as maternity leave cover for the audit manager.

RESOLVED: to note the internal audit management report for the first quarter 2014/15.

AG.9 Internal audit annual report 2013/14

The committee considered the audit manager's annual report on internal audit activity during 2013/14. Internal audit had completed the audit plan for 2013/14, and had exceeded its targets with the exception of one. The target to complete 90 per cent of follow-up audits had not been achieved as these were undertaken by a contract auditor and it was more cost-effective to group these together, which meant that the target to complete follow-up audits within six months was not always achieved. The committee accepted this explanation.

It was the audit manager's unqualified opinion that satisfactory assurance could be placed on the council's risk management, control and governance processes. There was basically a sound system of internal control but there were some weaknesses which might put some system objectives at risk. Notwithstanding the audit manager's overall opinion, internal audit had identified a number of opportunities for improving controls and procedures across the council which officers had responded to positively.

Internal audit had also undertaken proactive anti-fraud testing in 2013/14 which raised no recommendations. No suspicions of fraud and corruption by officers, councillors or partners/contractors were reported to the audit manager during the year, and the audit manager had reviewed the entries within the gifts and hospitality register and had no concerns.

The committee congratulated the internal audit team on its performance throughout the year.

RESOLVED: to note the internal audit annual report 2013/14.

AG.10 External auditor's fees

The committee considered the external auditor's letter on audit and certification fees for 2014/15. Mick West from Ernst & Young reported that the indicative fee, based on past experience, would be £61,939 and for the certification of claims and returns the indicative fee was £16,650, a reduction from last year as the auditor no longer audited council tax benefits.

RESOLVED: to note the external auditor's indicative fees for audit work in 2014/15.

AG.11 Audit and governance work programme

The committee noted its work programme covering the 2014/15 municipal year.

The committee asked for a briefing on the statement of accounts before its September meeting.

The committee also noted that as part of its responsibility to approve the statement of accounts in September, the committee would also be required to approve the council's annual governance statement. The officers would send a draft statement to committee members for comment over the summer before the committee was asked to approve the document at its next meeting in September.

The meeting closed at 7.35 pm