

Date: 19 June 2007

TO: All Members of the Audit and Governance Committee
FOR ATTENDANCE

TO: All Other Members of the Council
FOR INFORMATION

Dear Sir/Madam

Your attendance is requested at a meeting of the **AUDIT AND GOVERNANCE COMMITTEE** to be held in the **GUILDHALL, ABINGDON** on **WEDNESDAY, 27TH JUNE, 2007** at **7.00 PM.**

Yours faithfully

Terry Stock
Chief Executive

Members are reminded of the provisions contained in Part 2 of the Local Code of Conduct, and Standing Order 34 regarding the declaration of Personal and Prejudicial Interests.

A G E N D A

Open to the Public including the Press

A large print version of this agenda is available. In addition any background papers referred to may be inspected by prior arrangement. Contact Jason Lindsey, Democratic Services Officer, on telephone number (01235) 540306 / jason.lindsey@whitehorsedc.gov.uk.

Map and Vision

(Page 6)

A map showing the location of the venue for this meeting, together with a copy the Council Vision are attached.

1. Notification of Substitutes and Apologies for Absence

To record the attendance of Substitute Members, if any, who have been authorised to attend in

accordance with the provisions of Standing Order 17(1), with notification having been given to the proper Officer before the start of the meeting and to receive apologies for absence.

2. Declarations of Interest

To receive any declarations of Personal or Personal and Prejudicial Interests in respect of items on the agenda for this meeting.

In accordance with Part 2 of the Local Code of Conduct and the provisions of Standing Order 34, any Member with a personal interest must disclose the existence and nature of that interest to the meeting prior to the matter being debated. Where that personal interest is also a prejudicial interest, then the Member must withdraw from the room in which the meeting is being held and not seek improperly to influence any decision about the matter unless he/she has obtained a dispensation from the Standards Committee.

3. Urgent Business

To receive notification of any matters, which the Chair determines, should be considered as urgent business and the special circumstances, which have made the matters urgent, and to receive any announcements from the Chair.

4. Statements and Petitions from the Public Under Standing Order 32

Any statements and/or petitions from the public under Standing Order 32 will be made or presented at the meeting.

5. Questions from the Public Under Standing Order 32

Any questions from members of the public under Standing Order 32 will be asked at the meeting.

6. Approval of the 2006/07 Statement of Accounts

(Pages 7 - 54)

To receive and consider report 21/07 of the Strategic Director and Chief Finance Officer.

The Council has a statutory duty to publish annual audited accounts. The accounts must be signed by the Chief Finance Officer and approved by the appropriate committee of the Council.

Under the Council's Constitution the Audit and Governance Committee has the responsibility "to consider and determine on behalf of the Council all aspects of the Accounts of the Authority including the approval of the Statement of Accounts".

Officers have prepared the draft accounts which are included in the agenda. If there are any amendments made to the draft accounts between circulation of the agenda and the meeting, the Chief Finance Officer will explain these at the meeting.

The Audit Commission will carry out an onsite audit of the approved accounts in order to provide an opinion on their accuracy and completeness. This may result in amendments to the accounts, which will be reported at the September meeting.

Recommendations

(a) *That the Committee approves the 2006/07 Statement of Accounts, subject to subsequent*

amendments agreed with the external auditor;

- (b) *That the Chair of the Committee signs and dates the Statement of Accounts.*

7. The Statement on Internal Control

(Pages 55 - 57)

To receive and consider report 22/07 of the Strategic Director and Chief Finance Officer.

Introduction and Report Summary

The Council has a statutory duty to conduct a review of its internal control system at least once a year. In addition it must publish a Statement on Internal Control (or 'SIC') with its annual financial statements. These duties are contained within the Accounts and Audit Regulations 2003.

This report invites the Audit and Governance Committee to critically review the SIC (which is appended to this report) and make recommendations on improvements to the SIC, any supporting documentation and the compilation process.

The Contact Officer for this report is Steve Bishop, Strategic Director and Chief Finance Officer (01235 540332).

Recommendations

Members are asked to:

- (a) *Critically review the Statement on Internal Control (SIC) and either approve the SIC; or, identify any changes needed to the SIC, the supporting documentation and the process of compiling the SIC;*
- (b) *Confirm that the system of internal audit appears to be effective.*

8. Completion of the 2005/06 Audit

The Accounts Committee approved the audited Statement of Accounts at its meeting on the 27th September 2006 following a satisfactory audit by the Audit Commission. In accordance with Regulation 18(4) of the Accounts and Audit Regulations 2003 the Responsible Financial Officer hereby notifies the Audit & Governance Committee that the Statement of Accounts was certified by the external Auditor with an unqualified opinion. This formally completes the audit process.

Recommendation

Members are asked to note the formal closure of the 2005/06 audit process.

9. Annual report on Internal Audit 2006/07

(Pages 58 - 60)

To receive and consider report 23/07 of the Head of Finance.

Introduction and Report Summary

The purpose of this report is: to summarise the performance of Internal Audit in terms of both

achievement of targets and the quality of the service provided to users

The Contact Officer for this report is William Jacobs, Head of Finance for Vale and South Oxfordshire District Council; telephone 01235 540455.

Recommendations

To note the content of the report.

10. Internal Audit Reports 2006/07

(Pages 61 - 73)

To receive and consider report 24/07 of the Head of Finance.

Introduction and Report Summary

The purpose of this report is to summarise the outcomes of recent internal audit activity for the Committee to consider. The Committee is asked to review the report and the main issues arising, and seek assurance that action has been or will be taken where necessary.

The Contact Officer for this report is Harry Oliver, Senior Auditor; telephone 01235 547615

Recommendation

To note the content of the report.

11. Internal Audit Plan 2007/08

(Pages 74 - 82)

To receive and consider report 25/07 of the Head of Finance.

Introduction and Report Summary

The purpose of this report is:

- to set out the proposed internal audit plan for 2007/08, and
- to explain the process for setting the audit plan and for calculating the resources available.

The Contact Officer for this report is Harry Oliver, Senior Auditor; telephone 01235 544615.

Recommendation

That Members approve the one year Strategic Internal Audit Plan for 2007/08.

12. External Audit and Inspection Plan 2007/08

(Pages 83 - 104)

There is a statutory requirement for the Council to be externally audited and inspected. The external auditors are appointed by the Audit Commission. Across the country the Commission appoints a mixture of private sector auditors and Audit Commission auditors, rotating them periodically. The Council's current auditors are the Audit Commission.

Each year the external auditor issues her 'Audit and Inspection Plan' which sets out her intended activity over the forthcoming year. The latest Plan for 2007/08 (report 26/07) is

attached for the Committee to approve. The Plan has been discussed and agreed in principle by the Chief Executive and Directors. Members are invited to consider the Plan and raise any questions at the Committee meeting. By approving the Plan, the Committee will be endorsing the auditor's approach which will improve the effectiveness of the audit and inspection process.

Members are asked to note the following 'highlights' of the Plan:

- CPA (page 5) – In 2003 the Council was judged to be 'Fair' using the national Comprehensive Performance Assessment framework
- Value for Money (pages 6-7) - The Council is currently judged to score a '2' out of 4 (1 being inadequate, 2 being adequate, 3 being performing well and 4 being performing strongly) using the national 'Value for Money' assessment. The rules are being tightened which could result in the score slipping unless additional criteria are met. The auditor has provided details of significant VFM risks in appendix 1 (pages 16 - 17)
- Risk assessment (page 9) - The auditor assesses the various risks as part of his planning exercise. The two new risks identified for 2007/08 are the significant changes in Vale's and SODC's financial systems as a result of creating the shared service; and, changes to the statutory accounting requirements.
- Audit fee (page 13) - The audit fee has increased slightly, from £93.5k for 2006/07 to £97.1k for 2007/08. The grant certification fee has also increased, from £27,000 for 2006/07 to £31,000 for 2007/08. Full details are provided in Appendix 2 (page 18). The Council is addressing the cost-reduction suggestions made on page 20.
- Planned outputs (page 15) - Each of the auditor's reports will be formally reported to Members.

Note: This (external) Audit and Inspection Plan should not be confused with the separate (internal) Audit Plan which is produced by the Internal Audit Section.

Recommendation

that the 2007/08 External Audit and Inspection Plan be approved.

Exempt Information Under Section 100A(4) of the Local Government Act 1972

None