

AG.9

**MINUTES OF A MEETING
OF THE AUDIT AND GOVERNANCE
COMMITTEE**

**HELD AT THE GUILDHALL, ABINGDON
ON MONDAY, 22ND SEPTEMBER, 2008
AT 6.30PM**

Open to the Public, including the Press

PRESENT:

MEMBERS: Councillors Dudley Hoddinott (Chair), Terry Cox, Janet Morgan, Jerry Patterson, Judy Roberts and Tim Smith

SUBSTITUTE MEMBER: Councillor Tony de Vere (in place of Councillor Andrew Crawford)

OFFICERS: Graham Ammundsen, Steve Bishop, Alice Brander, Steve Culliford, William Jacobs, Harry Oliver, Adrianna Penn and Marcia Slater

EXTERNAL AUDITOR: Maria Grindley (Audit Commission)

NUMBER OF MEMBERS OF THE PUBLIC: Nil

AG.16 NOTIFICATION OF SUBSTITUTES AND APOLOGIES FOR ABSENCE

The attendance of a substitute Member who had been authorised to attend in accordance with Standing Order 17(1) was recorded as referred to above with an apology for absence having been received from Councillor Andrew Crawford, the Committee's Vice-Chair.

AG.17 MINUTES

The minutes of the Committee meeting held on 30 June 2008 were adopted and signed as a correct record.

AG.18 DECLARATIONS OF INTEREST

None

AG.19 URGENT BUSINESS AND CHAIR'S ANNOUNCEMENTS

None

AG.20 STATEMENTS AND PETITIONS FROM THE PUBLIC UNDER STANDING ORDER
32

None

AG.21 QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 32

None

AG.22 INTERNAL AUDIT ACTIVITY REPORT - 2ND QUARTER 2008/09

The Committee received and considered report 80/08 of the Audit Manager which summarised the outcomes of recent internal audit activity. The Committee was asked to review the report and the main issues arising and seek assurance that action had been taken where necessary.

Appended to the report was the outcome of thirteen audits of different functions and one follow-up review. In the majority of cases a 'full' or 'satisfactory' assurance had been given but in three cases a 'limited' assurance had been given. The Committee was generally satisfied with the outcomes but sought further assurance in some cases. It was reported that where the audit outcomes included recommendations for action and implementation or completion dates, the Committee would be advised on progress in the follow-up reports from Internal Audit. These were undertaken six months after the initial audit.

Payroll

This audit had resulted in a 'limited' assurance rating. It was noted that written procedures were not in place for all functions and this had contributed to some problems when there were staff shortages. Procedures needed to be documented for the new payroll team to follow.

Members queried why training expenses had not been reclaimed in two cases where staff had left and what mechanisms there were in place to ensure the Council's policy of recovery was followed. The Strategic Director agreed to check this outside of the meeting.

White Horse Leisure and Tennis Centre

This audit had resulted in a 'limited' assurance rating. Members recalled that this audit report had been submitted to the last meeting of the Committee in June but had been deferred as the service manager had been unable to attend and the Committee wished to raise questions on the audit's outcome. The Committee noted that the service manager had again sent his apologies and Members accepted the reasons for this. However, the Committee considered that this matter should be progressed and assurances sought before the Committee's next meeting in January 2009. It was agreed that an ad-hoc advisory group should be set up to investigate the outcome of this audit and report back to the Committee's next meeting.

National Non-Domestic Rating (NNDR)

This audit had resulted in a 'satisfactory' assurance rating. Members queried whether the auditor was aware of the limitations of the content of the explanatory leaflet before producing the final audit report. The auditor reported that a subsequent meeting with the service manager revealed that the information contained in the leaflet was prescribed by Government regulation. This was accepted by the auditor. It was noted that the regulations presented the minimum content only.

Risk Management

This audit had resulted in a 'limited' assurance rating. Members noted that many of the recommendations from internal audit could not be implemented without additional resources. It was intended to introduce a new post jointly funded with South Oxfordshire District Council to carry out this work. It was hoped an appointment could be made early in 2009.

One recommendation referred to the need for Deputy Directors to include risk management and a review of their service area's risk register as an ongoing agenda item at team meetings to ensure that risk management was a continuous process. As part of the audit, all Deputy Directors had been asked to confirm their current arrangements. Three Deputy Directors had not responded to Internal Audit. Members asked that this was followed up by the Strategic Director to ensure that Deputy Directors responded to Internal Audit enquiries.

Out of Hours Arrangements

This audit had resulted in a 'satisfactory' assurance rating. Internal Audit had expressed an opinion about the Council's Out of Hours Service. Where call outs were infrequent, it was suggested that consideration should be given to replacing the standby payment for staff on standby duty with an enhanced hourly payment which only applied when officers were called out. However, it was recognised that this might require a review of employee contract terms to ensure officers were aware of their revised responsibilities.

Members recognised that there was a need to review the Out of Hours service but concern was expressed by Councillor Terry Cox at Internal Audit's suggestion that there should not be a payment for staff on duty if they were not called out. He believed that to require staff to be at home, on duty and by a telephone should be recognised by a compensatory payment, whether they were called out or not. He asked that his views were recorded in the Committee's minutes.

RESOLVED

- (a) *that the contents of report 80/08 be noted; and*
- (b) *that an ad-hoc advisory group be set up to investigate the outcome of the White Horse Leisure and Tennis Centre Audit and report back to the Committee's next meeting. The advisory group to consist of:*
- *Councillor Dudley Hoddinott (the Committee's Chair)*
 - *Councillor Andrew Crawford (the Committee's Vice-Chair)*
 - *Councillor Terry Cox (Committee Member)*
 - *Councillor Tony de Vere (Leader of the Council)*
 - *Councillor Jerry Patterson (Committee Member and Executive Portfolio Holder for Leisure Services)*
 - *Councillor Reg Waite (Opposition Shadow Member for Leisure Services)*

AG.23 ANNUAL GOVERNANCE STATEMENT (AUDIT 2007/08)

The Committee noted that the Council had a statutory duty to conduct a review of its internal control system at least once a year. In addition it must publish an Annual Governance Statement with its annual financial statements. These duties were contained within the Accounts and Audit Regulations 2006.

The Annual Governance Statement had been circulated widely to numerous consultees, including Committee Members and senior managers. The final Annual Governance Statement reflected their input. It was noted that the format of the Statement had been provided by South Oxfordshire District Council, with adjustments being made to tailor it for the Vale.

The External Auditor, Maria Grindley, present at the meeting, confirmed that she was satisfied with the content of the Statement.

The Committee suggested two amendments:

- Paragraph 3.2 should be amended to reflect that the Council appointed the Executive membership
- Paragraph 3.6 should be re-written to reflect the role of the Council as policy maker and budget setter and to reflect the Executive's role as implementer of policy and the budget

RESOLVED

- (a) *that the Annual Governance Statement be approved, subject to the two amendments highlighted above; and*
- (b) *that it be confirmed that the system of internal control is effective.*

AG.24 AUDIT COMMISSION'S OPINION ON THE COUNCIL'S FINANCIAL STATEMENTS

As the Council's External Auditor, the Audit Commission, had a duty to report to the Council before an opinion was given on the financial statements. These matters were:

- expected modifications to the Auditor's report
- unadjusted misstatements
- material weaknesses in the accounting and internal control systems identified during the audit
- views on the qualitative aspects of the accounting practices and financial reporting
- matters specifically required by other Auditing Standards to be communicated to those charged with governance
- any other relevant matters relating to the audit

The Committee was responsible for receiving the External Auditor's Management Letters and reports on Annual Corporate Governance matters and determining, on behalf of the Council, whether the Executive or an appropriate Committee or both should take action to respond to such matters. The Committee received a copy of the external auditor's Annual Governance Report for 2007/08.

Maria Grindley, of the Audit Commission, reported that she had positive messages this year. The audit found the financial statements to be good and completed on time. She had only raised a limited amount of matters for the Council which were set out in her report. The Council had made good progress. She soon hoped to be able to issue a non-qualified opinion on the Council's financial statements and value for money. If there were any risks identified she would report them to the Committee during the course of the year rather than wait for a year-end report. No significant risks had been identified.

The Committee thanked the Chief Accountant for her thorough work and the good results.

RESOLVED

that the External Auditor's 2007/08 Annual Governance Report be received and that no further actions are required in light of the Auditor's comments.

AG.25 STATEMENT OF ACCOUNTS 2007/08

The Committee recalled that it had approved the draft 2007/08 Statement of Accounts at its meeting on 30 June 2008. Since then, the External Auditor had been conducting an audit of the accounts. Under the closedown arrangements, the statutory deadline for completing the audit was 30 September 2008. The Committee noted that the audit had been completed and the accounts finalised by the inclusion of the Auditor's signed audit report, including her opinion and certificate. Members' approval was sought on the amended Statement of Accounts.

It was reported that the only significant change to the accounts that appeared before Members in June was the removal of a double-counted receipt from non-domestic rates creditors. The External Auditors were content with the correction. The Accountancy Manager reported that she was happy with the audit undertaken by and the support she had received from the External Auditors.

RESOLVED

that the amended 2007/08 Statement of Accounts be approved.

AG.26 INTERNAL AUDIT MANAGEMENT REPORT - 2ND QUARTER 2008/09

The Committee received and considered report 81/08 of the Audit Manager which reported on management issues and summarised progress against the Internal Audit Plan 2008/09.

Members noted that Internal Audit was on track to complete its Audit Plan and work had also been carried out on a number of unplanned reviews. However, the Audit Manager had identified a need to improve the ratio of chargeable time to non-chargeable time.

In answer to a question from a Member, it was reported that when a joint audit was undertaken, audits were simultaneously carried out at South Oxfordshire and the Vale

on the same services. Managers of each service were given separate audit reports and best practice from the two authorities was recommended to reduce risk and improve performance.

RESOLVED

that report 81/08 be noted.

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

None

The meeting rose at 7.38 pm