

# **Minutes**

of a meeting of the

## **Audit and Governance**

### **Committee**



held at 6.30pm on Wednesday 28 September 2011  
at the Abbey House, Abingdon

**Open to the public, including the press**

**Present:**

Members: Councillors Mike Murray (Chairman), Simon Howell (Vice-Chair), Jane Crossley, Judy Roberts, and Robert Sharp and Richard Webber

Substitute members: Councillor Tony de Vere (in place of Councillor Andrew Crawford)

Officers: Steve Bishop, David Buckle, Steve Culliford, Sheeraz Khan, Nilesh Parmar, Adrianna Partridge, and Bob Watson

Audit Commission representatives: Maria Grindley and Anne Ockleston

Number of members of the public: 1

#### **AG.23 Notification of substitutes and apologies for absence**

Councillors Andrew Crawford and Dudley Hoddinott had both sent their apologies for absence and had appointed Councillors Tony de Vere and Richard Webber respectively as their substitutes. Councillors Julia Bricknell and Holly Holman sent their apologies for absence also.

#### **AG.24 Minutes**

**RESOLVED:** To adopt the minutes of the committee meetings of 4 July and 7 September 2011 and agree that the chairman signs them as correct records.

#### **AG.25 Actions arising**

In answer to a question from the chairman, the Audit Commission confirmed that it had reviewed the draft statement of accounts with regard to the council's pension liability and was content that the allocation was correct and the entry in the accounts was correct.

## **AG.26      Declarations of interest**

None

## **AG.27      Urgent business and chairman's announcements**

The chairman accepted one item as a matter of urgent business, to consider the Audit Commission's annual governance report before the committee approved the statement of accounts.

## **AG.28      Statements, petitions and questions from the public relating to matters affecting the Audit and Governance Committee**

None

## **AG.29      Internal audit activity report - second quarter 2011/12**

The committee considered report 26/11 of the audit manager. This summarised the outcome of recent internal audit activity. Since the committee's last meeting, internal audit had completed seven audits and four follow-up reviews. The committee discussed the audits that had received a limited assurance.

### **Gifts and hospitality 2011/12**

While internal audit had no concerns over the management of councillors registering their gifts and hospitality, there were concerns over the ownership of the officer register. The committee agreed with internal audit that this register should be managed by human resources staff, not the chief executive's office.

### **Health and safety 2010/11 follow-up audit**

The committee noted that some recommendations had not been implemented following the original audit. The committee had concerns that health and safety was not being given full consideration.

**RESOLVED:** to recommend the Cabinet to be assured that health and safety was being given full attention by managers.

## **AG.30      Comments on internal audit reports not presented to the committee**

None

## **AG.31      Internal audit management report - second quarter 2011/12**

The committee considered report 28/11 of the audit manager. This reported on management issues within internal audit, summarised progress against the 2011/12 audit plan up to 15 September, and summarised the priorities for the third quarter. The committee noted that internal audit was on track to complete the audit plan.

**RESOLVED:** to note the report.

### **AG.32 Treasury management outturn 2010/11**

The committee considered report 29/11 of the head of finance, which advised councillors of the performance of the treasury management function, the management of the council's investments. This showed that the return on cash invested in 2010/11 was lower than initially expected due to sustained low interest rates. The predicted net income for 2011/12 was £371,800 and the officers expected to achieve this. However, income over the next four years was likely to reduce from that shown in the medium term financial plan.

In answer to a question from a councillor, the strategic director reported that the officers would be looking at producing an investment strategy and looking at options for increasing investments in land and property.

**RESOLVED:** To recommend the Cabinet to recommend Council to:

- (a) approve the treasury management outturn report 2010/11;
- (b) approve the actual 2010/11 prudential indicators (appendix 1 to report 29/11: and
- (c) note the prospects for the return on investments from 2011/12 onwards.

### **AG.33 Audit Commission's annual governance report 2010/11**

The committee considered the Audit Commission's draft annual governance report 2010/11. Maria Grindley introduced her report.

The committee noted that it had a responsibility to approve the statement of accounts by 30 September each year. The committee could rely on the external auditor to test that the statement of accounts was correct. The Audit Commission had found that the overall process in compiling the accounts was sound and robust, subject to assurances.

The main message for the council was that this was the first year it had to present its accounts in line with the new international reporting standards. Most councils had struggled with the complexities of the new format. For this council, there were only a few minor corrections. The officers had corrected the final version of the statement of accounts.

Maria Grindley reported two amendments to her draft report. The first was to remove the requirement on the council to include pension costs in the gross expenditure. The second was that there had been an overstatement in the income and expenditure account relating to the grounds maintenance contract. This needed recording in the correct place but it had no effect on the bottom line of the account.

One recommendation from the Audit Commission required the council to have an audit trail to show correct property valuations. The committee noted that the officers had followed the correct procedure but had not recorded the valuation correctly. The

committee asked that the officers introduced the correct audit trail, as set out in the action plan appended to the Audit Commission's report.

The committee was pleased to note that the Audit Commission had given an unqualified opinion to the statement of accounts. The committee thanked all officers involved in preparing the statement of accounts.

The committee was asked to agree to the chairman and the chief finance officer signing a letter of representation. The letter to the Audit Commission confirmed that the council had:

- complied with statutory authorities – the council had not acted beyond its powers
- provided all supporting records to the auditor
- informed the district auditor of any fraud or suspected fraud
- complied with all laws, regulations, contractual arrangements and codes of practice
- ensured that all accounting estimates included fair values
- disclosed all related party transactions
- disclosed all subsequent post balance sheet events

The committee noted that despite reminders, four former councillors had not completed a related party transactions disclosure in April 2011. The Audit Commission was content that the council had made every effort to obtain this information and accepted that the former councillors had no transactions to record.

The committee agreed to the chairman signing the letter of representation to the Audit Commission.

**RESOLVED:** to

- (a) note the adjustments in the financial statements (appendix 1 to the Audit Commission's annual governance report 2010/11);
- (b) note that the Audit Commission gave an unqualified opinion to the statement of accounts 2010/11;
- (c) approve the letter of representation for signature by the chairman and the chief finance officer on behalf of the council, before the Audit Commission issues its final opinion and conclusion; and
- (d) agree the action plan (appendix 4 to the Audit Commission's annual governance report 2010/11).

**AG.34 Statement of accounts 2010/11**

The committee considered the statement of accounts 2010/11. The committee had considered the draft accounts at its meetings on 4 July and 7 September 2011 and suggested amendments. The committee now considered the Audit Commission's views on the accounts.

The officers now presented the final version of the statement of accounts for the committee's approval. The committee gave its approval for the accounts to be signed by

the chairman but requested that in future years, there should be clearer explanations of the larger areas of expenditure, or variances from the original budget.

**RESOLVED:** to approve the statement of accounts 2010/11.

### **AG.35 Annual governance statement**

The committee considered the annual governance statement for 2010/11.

Councillors noted that of the committee's suggestions made on the draft document in July, some related to the council's existing corporate objectives from 2008. The council was in the process of reviewing these. The review would consider the committee's comments. The committee's other suggestion was to introduce an investment strategy, particularly in relation to property. The updated annual governance statement incorporated this recommendation.

**RESOLVED:** To approve the annual governance statement for 2010/11.

### **AG.36 Review of complaints received during 2010/11**

The committee considered report 30/11 of the chief executive. The report detailed the complaints received during 2010/11 and how they were resolved. The committee noted that although there had been more complaints than the previous year, many had resulted from the changes to the new waste contract and had been speedily resolved. There were only three complaints to the local government ombudsman during the year, the lowest for many years. The ombudsman had found no maladministration. There were a further two cases where the ombudsman had referred the complaint to another organisation where these had been outside of the council's control.

The committee welcomed the report but questioned whether councillors should be more involved in the assessment of complaints at stage 3 of the comments and complaints procedure. Councillors noted that the Cabinet would need to amend the council's procedure.

**RESOLVED:** To ask the Cabinet to consider whether the comments and complaints procedure should be amended so that councillors should review all stage 3 complaints, or whether the chief executive should consult the two group leaders on every stage 3 case.

### **AG.37 Audit and governance work programme**

The committee reviewed its work programme for 2011/12. The committee agreed to add the Audit Commission's annual audit letter to the programme for December 2011/January 2012.

The committee also requested an item on the next agenda setting out training requirements for the committee.

**RESOLVED:** To update the committee's work programme.

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

None

The meeting closed at 8.24 pm