

Minutes of a meeting of the Audit and Governance Committee



held at 6.30pm on Wednesday 21 March 2012
at the Abbey House, Abingdon

Open to the public, including the press

Present:

Members: Councillors Mike Murray (Chairman), Simon Howell (Vice-Chairman), Andrew Crawford, Jane Crossley, Dudley Hoddinott, Holly Holman, Judy Roberts, and Robert Sharp

Substitute members: Councillor Richard Webber (in place of Councillor Julia Bricknell)

Officers: Steve Bishop, Susan Harbour, William Jacobs and Adrianna Partridge

Audit Commission representatives: Maria Grindley and Adam Prickett

Number of members of the public: Nil

AG.57 Notification of substitutes and apologies for absence

Councillor Julia Bricknell sent her apologies and Councillor Richard Webber attended as her substitute.

AG.58 Declarations of interest

None notified.

AG.59 Urgent business and chairman's announcements

None.

AG.60 Statements, petitions and questions from the public relating to matters affecting the Audit and Governance Committee

None.

AG.61 Complaints panel

The committee noted that a local resident wished his complaint to be considered by a panel of councillors. As the committee had responsibility to monitor complaints, it was
Vale of White Horse District Council – Audit and Governance Committee minutes

asked to set up a complaints panel to advise the chief executive and group leaders on any further action considered appropriate in relation to this complaint. The officers suggested the panel should consist of three members, being either the chairman or vice-chairman of the committee plus two further members. The committee agreed and asked the officers to organise a panel to consider the complaint.

RESOLVED: To authorise the head of legal and democratic services, in consultation with the committee chairman, to set up a complaints panel to consider the complaint by a local resident from Radley and advise the chief executive and group leaders on any further action considered appropriate in relation to this complaint.

AG.62 Internal audit activity report - quarter 4 2011/12

The committee considered report 84/11 of the audit manager, which summarised internal audit activity in the fourth quarter 2011/12. The committee noted that since its last meeting, two audits had been completed, together with four follow-up reviews. None of these had been given a limited assurance, therefore no internal audit reports were included in the agenda.

The committee recalled that at its previous meeting, councillors had deferred consideration of the ICT audit report. However, due to the implementation of a new ICT system, consideration of this audit report was again deferred to the next meeting, by which time the new ICT system would be implemented.

The report also reviewed systemic control weaknesses. The committee agreed that the summary of systemic control weaknesses should be included in every activity report but the supporting tables should only be presented in the internal audit annual report identifying any areas of concern.

RESOLVED: To note the report and agree that the summary of systemic control weaknesses shall be included in every internal audit activity report but the supporting tables shall only be presented in the internal audit annual report, identifying any areas of concern.

AG.63 Comments on internal audit reports not presented to committee

The committee considered report 85/11 of the audit manager. This set out questions raised by committee members on internal audits not presented to the committee as they had received satisfactory or full assurance ratings from internal audit. The report also set out internal audit's and the service managers' responses to the committee members' questions.

In answer to a member's question, it was explained that the council acted as agent for the government for the collection of business rates (also known as national non-domestic rates or 'NNDR'). The council had a high collection rate compared to other local authorities. There was no financial impact on the council at the present time for uncollected business rates as all monies were passed on to central government and the council was then funded by a grant, part of which was financed from redistributed NNDR revenue. From April 2013, the government would change the funding model from needs based to incentive based, with baseline funding affected by higher or lower collected business rates. This meant that from April 2013, the non-collected business rates could

Vale of White Horse District Council – Audit and Governance Committee minutes

have an adverse financial impact on the council. Councillors asked that when more detail emerged, this should be reported to future meetings of Cabinet, Council and Audit and Governance Committee.

The committee noted that enterprise zones, such as Science Vale UK, would have business rates ring-fenced, so monies would go to the enterprise partnership, in the case of Science Vale this was the Oxfordshire Local Enterprise Partnership.

In answer to a question from the committee, the audit manager said that internal audit were being kept informed of developments in this area, and related audit test programmes would be reviewed when necessary.

RESOLVED: to note the report.

AG.64 Internal audit performance management report - quarter 4 2011/12

The committee considered report 86/11 of the audit manager, which detailed the performance of the council's internal audit in the fourth quarter 2011/12 and performance against the 2011/12 audit plan.

The committee noted that the internal audit team was in a good position. At the year-end (31 March 2012) there would be two priority two audits still in progress: elections payments and the verification of budget savings. However, all priority 1 audits would be completed by that date. The internal audit team were congratulated for their performance.

The committee debated whether there should be one audit report to cover both the Vale of White Horse and South Oxfordshire District Councils in future as there were many similar issues and some duplication. However, the committee considered that this should not happen in the foreseeable future; both councils should retain their audit and governance committees and should receive separate audit reports.

RESOLVED: to note the report.

AG.65 Internal audit plan 2012/13

The committee considered report 87/11 of the audit manager, which asked the committee to approve the audit plan for 2012/13. This would allow internal audit to properly plan its work throughout the year. The audit manager compiled the draft audit plan after assessing risks for each service, consulting managers, and allocating higher priority audits in accordance with the resources available. The committee agreed that the presentation of audit allocation table should be reviewed for the 2013/14 audit plan, to include a further breakdown of lost days.

The audit manager agreed to assess areas that had not been included within the schedule of auditable activity (e.g. food safety and legal services), to ensure that external reviews of those areas were comprehensive.

RESOLVED: to approve the internal audit annual plan 2012/13.

AG.66 Certification fees for Housing and Council Tax Benefit subsidy claim

The committee considered a letter from the Audit Commission, detailing the fees the council would have to pay for the Audit Commission certifying the council's 2010/11 housing and council tax benefits subsidy claim. The letter corrected the fee previously indicated in the annual report. The district auditor apologised for the error, and assured the committee that it had no impact on last year's accounts: the final fee was still lower than that in the predicted budget. The figure was incorrect in the report but the council had been correctly invoiced.

The committee asked why the council's audit for the housing and council tax benefits subsidy claim was significantly more expensive than that at South Oxfordshire District Council. The district auditor explained that the sample of benefit cases randomly selected at this council had been more complex than the sample selected at South Oxfordshire and had therefore required more audit time.

RESOLVED: to note the revised fee to certify the council's 2010/11 housing and council tax benefits subsidy claim.

AG.67 External audit plan 2011/12

Maria Grindley of the Audit Commission presented the 2011/12 external audit plan. The plan set out the work the external auditor would carry out for the council for the 2011/12 audit. This work included an audit of the council's statement of accounts and give an opinion on whether the council gave value for money through its arrangements to secure economy, efficiency and effectiveness. The plan set out timescales for each piece of work. The committee noted that the deadlines were unlikely to change. The external auditors would continue to work up to the deadline, submit papers in time for the committee meetings but would then continue to update them thereafter.

The committee noted that following the government's decision to disband the Audit Commission and privatise the external audit of local authorities, the government had appointed Ernst & Young as the council's external auditor with effect from a date to be determined. Ernst & Young would act as the external auditor for all local authorities across south-east England. Maria Grindley, Anne Ockleston and Adam Prickett, all of which had audited the council over the past few years for the Audit Commission, would continue to do this for the council but would be transferred to Ernst & Young.

RESOLVED: to welcome the report, note the external auditor's fee for this work, and the government's appointment of Ernst & Young as the council's external auditor from a date to be determined.

AG.68 Audit and governance committee training

The committee considered an audit and governance training programme to meet the needs of committee members. The committee approved the programme as follows:

- 4 July 2012: Finance, the preparation and compilation of statement of accounts, and utilising actual accounts as worked examples
- 19 September 2012: Governance matters, internal and external audit, including statutory and non statutory requirements

- 16 January 2013: treasury management
- 13 March 2013: risk management and business continuity

The training would take place in the evening, one week before each committee meeting, the precise schedule to be worked out by democratic services in consultation with finance and audit. It would be open to other district councillors, South Oxfordshire audit and governance committee members and, where appropriate, council staff.

The committee requested that the training handouts were sent to councillors about a week before each training event.

The external auditors confirmed that they would be happy to participate where appropriate.

RESOLVED: to approve the audit and governance training programme for 2012/13.

AG.69 Audit and governance work programme

The committee considered its work programme for 2012/13,

RESOLVED: to agree the audit and governance committee work programme for 2012/13.

AG.70 Minutes

RESOLVED: to adopt as a correct record the minutes of the committee meeting held on 18 January 2012, and agree that the chairman signs them.

AG.71 Matters arising

The committee reviewed the matters arising from previous meetings as follows.

Minutes – Gifts & hospitality report AG.29	Committee Date – 28 September 2011
On 28 September 2011, the committee had agreed with internal audit that the gifts and hospitality register should be managed by human resources staff, not the chief executive's office.	
Comment After further discussion, the committee agreed with the management recommendation that the gifts and hospitality register should be managed by the chief executive's office. The committee noted that the records were accurate and available for councillors to view, on request.	Action Remove from matters arising list. Audit manager agreed to check the register each year.

Minutes – Annual Governance Statement AG.32 & AG.35	Committee Date – 28 September 2011
On 28 September 2011, the committee suggested introducing an investment strategy, particularly in relation to property.	
Comment The updated annual governance statement in September 2011 included this recommendation. This suggestion had been	Action Retain on matters arising for review.

referred to the asset management group for consideration. This would be considered at the next meeting of the Asset Management Group on 4 May 2012.	
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Minutes – Statement of accounts AG.34	Committee Date – 28 September 2011
The committee requested that in future years the statement of accounts should contain clearer explanations of the larger areas of expenditure, or variances, from the original budget.	
Comment This item has been satisfactorily dealt with.	Action Remove from matters arising list

Minutes – ICT report	Committee Date – 18 January 2012
The committee sought assurances in the internal audit follow-up reports that staff leavers' names and logins had been quickly removed from the council's IT systems to prevent unauthorised access.	
Comment The committee considered that this item should remain on the matters arising list until the additional ICT follow up had been completed and reported to the next committee meeting.	Action Retain on matters arising list.

Minutes – Brown Bins report	Committee Date – 18 January 2012
The committee asked for details of the amount of aged debt from brown bin customers likely to be written off.	
Comment The committee noted that this information had been provided since its last meeting.	Action Remove from matters arising list

Minutes – Waste Mgt and Recycling report	Committee Date – 18 January 2012
The committee asked for an update of whether Biffa was complying with the council's instruction not to collect garden waste from the addresses of persistent non-payers.	
Comment The committee were keen to ensure that this item was kept under review to consider the possibility of a licensing scheme, eg annual stickers or coloured tags on the bins to monitor who had, and had not, paid for their collections.	Action To ask Biffa for an update on the progress of their operative training. Retain on matters arising list.

Minutes – Waste Mgt and Recycling report	Committee Date – 18 January 2012
The committee had asked for details of the regularity of waste and recycling collection system downtime.	
Comment The committee noted that this information had been provided since its last meeting.	Action Remove from matters arising list

Minutes – Systemic Control Weaknesses	Committee Date – 18 January 2012
The committee had asked whether system control weaknesses were ranked, and if so how?	
Comment	Action

The committee noted that this information had been provided since its last meeting.	Remove from matters arising list
Minutes – Concessionary Fares	Committee Date – 18 January 2012
The committee asked the audit manager to review the need for an audit of concessionary fares service, as the operation would be taken over by Oxfordshire County Council in April 2012.	
Comment The county council's project to transfer operations from this council had been completed without any significant problems necessitating internal audit involvement.	Action Remove from matters arising list
Minutes – Audit Commission progress report	Committee Date – 18 January 2012
The strategic director undertook to investigate whether any further action was necessary on the other key considerations suggested by the Audit Commission.	
Comment N/A	Action Retain on matters arising list.
Minutes – Treasury management strategy half year review	Committee Date – 18 January 2012
The committee requested the officers to circulate the latest Investec investment report to committee members.	
Comment This information was sent to committee members at the end of January 2012.	Action Remove from matters arising list.
Minutes – Treasury management strategy annual review	Committee Date – 18 January 2012
The committee noted the officers' intention to introduce treasury management training for officers in the accountancy team shared with South Oxfordshire District Council. It was hoped that an update could be given at the next meeting.	
Comment The committee noted that a training analysis had been carried out and a training programme was being implemented.	Action Remove from matters arising list.
Minutes – Treasury management strategy annual review	Committee Date – 18 January 2012
The committee requested the council's asset management group to consider whether the ratio of physical property and financial investments was still fit for purpose.	
Comment The committee noted that this suggestion had been referred to the council's asset management group.	Action Retain on matters arising list.
Minutes – Business continuity and risk management update AG.52	Committee Date – 18 January 2012
The committee asked the officers to report back on the timescale for testing the business continuity arrangements and to confirm that business continuity arrangements are in place for the council's largest and most important contracts and that the officers are satisfied with the arrangements.	

<p>Comment The committee noted that in collaboration with Oxfordshire County Council, this council would be carrying out a simulated walk-through test of its business continuity plans alongside an emergency plan exercise on 24 April 2012. The results of the test would be reported to the committee.</p> <p>The officers had reviewed the business continuity plans of each of the council's six major contractors and confirmed that they were fit for purpose.</p>	<p>Action Retain on matters arising list.</p>
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Minutes – Audit and Governance Committee training	Committee Date – 18 January 2012
Committee members were requested to complete the questionnaire and return it to the officers by 11 February so that a training programme can be organised.	
<p>Comment Questionnaires had been completed and a training programme approved by the committee.</p>	<p>Action Remove from matters arising list.</p>

Minutes – Audit and governance work programme	Committee Date – 18 January 2012
The committee requested that an updated work programme for the 2012/13 financial year be presented to the next committee meeting	
<p>Comment The updated work programme had been presented to and approved by the committee.</p>	<p>Action Remove from matters arising list.</p>

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

None

The meeting closed at 8.40 pm