

Minutes

of a meeting of the

Audit and Governance Committee



held at 6.30pm on Monday 24 June 2013
at the Council Chamber, The Abbey House, Abingdon

Open to the public, including the press

Present:

Members: Councillors Simon Howell (Chairman), Mohinder Kainth (Vice-Chairman), St John Dickson, Dudley Hoddinott, Angela Lawrence, Pat Lonergan, Sandy Lovatt, Kate Precious, Judy Roberts and Andrew Skinner

Officers: Steve Bishop, Steve Culliford, Andrew Down and William Jacobs

External auditor: Maria Grindley (Ernst & Young)

Number of members of the public: Nil

AG.1 Notification of substitutes and apologies for absence

None

AG.2 Minutes

RESOLVED: to adopt as a correct record the minutes of the committee meeting held on 20 March 2013 and agree that the chairman signs them.

AG.3 Actions arising

The committee considered the strategic director's report on actions arising from previous committee meetings and updated the schedule.

RESOLVED: to update the actions arising schedule as follows:

(a) Internal audit activity report – quarter 2 2012/13	Committee Date – 26 September 2012
The committee asked the audit manager to follow up the need to reconcile weighbridge data for the amount of recycled waste collected.	
Comment The waste team have completed a reconciliation spot check of Q1 2012/13,	Action Remove from actions arising list.

<p>and are aware that they need to complete further spot checks. Internal audit will continue to monitor progress against this recommendation.</p> <p>Internal audit has reviewed the reconciliations that are now being undertaken, and is satisfied that they are comprehensive and are being completed on a monthly basis.</p>	
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(b) Business continuity and risk management update	Committee Date – 20 March 2013
The committee asked the strategic director to ensure that business continuity and risk management arrangements were in place for all of the council's major contracts when they are re-let or extended.	
Comment Response emailed to committee members on 13 June 2013.	Action Remove from actions arising list.

(c) Internal audit activity report fourth quarter 2012/13	Committee Date – 20 March 2013
The committee asked the officers to advise Councillor Johnston whether the internal audit recommendation to train staff at the council's mobile home parks was in hand.	
Comment Information provided to Councillor Johnston on 26 March 2013. The committee asked that this information was also sent on to all committee members.	Action Retain on actions arising list.

(d) Internal audit activity report fourth quarter 2012/13	Committee Date – 20 March 2013
The committee asked the officers to report on the ways in which the council's insurance officer advises Wantage Civic Hall staff of the insurance arrangements in place and to consider if such communications should be enhanced in any way.	
Comment Head of finance to respond.	Action Retain on actions arising list.

(e) Audit and governance work programme	Committee Date – 20 March 2013
The committee asked the officers to arrange an informal question and answer session on the statement of accounts in the summer 2013.	
Comment The annual statement of accounts will be presented for the chief finance officer's signature by 28 June 2013 and the audited accounts will be presented to the committee on 23 September 2013. An informal question and answer session will be held on 16 September 2013 so councillors will have the latest and most accurate version.	Action Retain on actions arising list.

(f) Audit and governance training	Committee Date – 20 March 2013
The committee asked the officers to carry out a training needs assessment of committee members.	
Comment Training needs assessment carried out in spring 2013.	Action Remove from actions arising list.

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 Risk management and business continuity strategies

The committee considered the report from the head of HR, IT, and customer services. This sought the committee's agreement to approve the business continuity strategy and the risk management strategy for 2013 to 2016.

Despite there being no significant changes from the previous strategies, the committee noted that the two updated strategies would help the council to:

- continue to provide public services in the event of a business disruption
- embed business continuity arrangements by setting out the means of continuing service delivery in the event of a disruption
- meet its strategic and operational objectives and improve service delivery
- simplify arrangements and achieve economies of effort through having a single process for both the Vale of White Horse and South Oxfordshire district councils
- comply with the Civil Contingencies Act 2004 and audit regulations
- embed the risk management process by setting out the means of identifying and managing risks
- meet its strategic and operational objectives, improve service delivery and support better project management

The committee noted that the county council emergency planning team ran exercises to test the council's business continuity arrangements. Councillors supported the proposed strategies but suggested that the business continuity strategy should refer to the frequency of business continuity testing exercises.

RESOLVED: to approve the business continuity strategy and the risk management strategy for the period 2013 to 2016, subject to amending the business continuity strategy to refer to the frequency of business continuity testing exercises.

AG.8 Internal audit annual report 2012/13

The committee considered the report of the audit manager on the work of the council's internal audit team during the year 2012/13. The audit manager gave an unqualified opinion of satisfactory assurance to the council's risk management, control, and governance processes, and confirmed that there was a sound system of internal control. Where internal audit had identified weaknesses, the team had agreed improvement actions with service managers.

The committee noted that the audit manager was pleased with the internal audit team's performance during the year; the committee concurred and congratulated the manager and her team.

RESOLVED: to note the internal audit annual report for 2012/13 and congratulate the audit manager and her team on their performance during the year.

AG.9 Internal audit activity - quarter one 2013/14

The committee considered the audit manager's report on internal audit activity in the first quarter 2013/14, covering April to June 2013. Of the audits referred to in the report, three had received a full assurance rating from internal audit, and four had received a satisfactory rating. In this quarterly report, there were no audit reports with limited or nil assurance. The report also referred to five follow-up audits, of which one had received full assurance, three were satisfactory, and one had received limited assurance from internal audit.

The audit manager only brought limited or nil assurance audit reports to the committee meetings for consideration. However, the audit manager sent to all committee members every internal audit report produced. The strategic director agreed to check this occurred. Committee members could then request any internal audit report to appear on the committee's agenda for debate at the meeting. With this safeguard, the committee supported this form of exception reporting.

The committee also noted appendix 1, which updated on the systemic control weaknesses identified by internal audit. These were recurring weaknesses identified across a number of service areas and included policies and procedures not being comprehensive, up-to-date, not being the responsibility of a single officer. The committee agreed to monitor these weaknesses carefully.

RESOLVED: to

- (a) note the internal audit activity report for the first quarter in 2013/14;
- (b) confirm the method of exception reporting of internal audit reports whereby every internal audit report is sent to every committee member, but only limited or nil assurance rated audit reports are brought to the committee for consideration unless a committee member requests that any satisfactory or full reports should also be considered;
- (c) request the strategic director to ensure that all committee members are sent every internal audit report; and

- (d) monitor the systemic control weaknesses carefully.

AG.10 Internal audit management report - quarter one 2013/14

The committee considered the audit manager's report on management issues within internal audit service during the first quarter 2013/14. The committee noted that the audit manager was to commence maternity leave shortly and the head of finance had appointed a temporary audit manager, Craig Pullen, on a part-time basis to cover this work.

RESOLVED: to note the internal audit management report for the first quarter of 2013/14.

AG.11 External auditor's report

The committee considered the external auditor's progress report. Maria Grindley of Ernst & Young, the council's external auditor, reported that since September 2012, she had tested some of the council's control mechanisms and was conducting a value for money assessment. Work would start in the summer to certify the council's grant claims from the government and audit the council's statement of accounts. As the council would not be introducing a fixed asset system before compiling the 2012/13 accounts, this would not be included in this year's audit work. However, work had commenced on auditing the fixed asset adjustments.

The committee noted that although the external auditor used to have a statutory responsibility to conduct benchmarking of councils through comprehensive performance assessment, this was no longer required. The external auditor's role was now to audit the council's financial arrangements. However, the auditor also had a duty to alert the council to any issues or suggest good practice from other councils.

Following a suggestion from the committee, the strategic director agreed to consider consulting on the public's comprehension of council financial information such as the statement of accounts and budget.

RESOLVED: to

- (a) note the external auditor's progress report; and
- (b) request the strategic director to consider consulting on the public's comprehension of council financial information.

AG.12 Draft Annual Governance Statement 2012/13

The committee considered the draft annual governance statement for 2012/13. This statement would accompany the statement of accounts and was open to the committee and the council's external auditors to suggest any improvements before the committee adopted the statement at its meeting in September.

The committee suggested that the officers:

- reviewed paragraph 75 to better explain the council's budget-making process in 2012/13

- made reference in paragraph 115 to the committee's role in dealing with code of conduct complaints against district, town and parish councillors

The chairman asked committee members to submit any suggested amendments to Democratic Services before the next committee meeting.

RESOLVED: to amend the draft annual governance statement 2012/13 as set out above and consider any further suggestions from committee members before the next committee meeting.

AG.13 Audit and governance work programme

The committee reviewed its work programme for the remainder of 2013.

The committee queried whether internal audit should carry out an audit of the planning service given its current weak performance. The strategic director reported that although the board report showed that the time taken to determine planning applications was below target, an audit of the service looked at internal controls and financial arrangements, which were not directly related to performance. He agreed to send committee members a copy of the recent internal audit report of the development management part of the planning service.

RESOLVED: to

- (a) note the committee's work programme; and
- (b) request the strategic director to circulate a copy of the recent internal audit report on the development management part of the planning service.

AG.14 Training

The committee noted that a training session had taken place on 12 June 2013 when the audit manager trained four new committee members on the role of internal audit and the committee's role in ensuring that the council's systems were robust. A further training session would be held on 9 July for councillors on treasury management. The committee also noted that there would be a briefing and question/answer session for committee members on 16 September on the committee's role in approving the statement of accounts. The officers agreed to organise a further training session for committee members on treasury management before the committee reviewed the council's treasury management strategy in January 2014.

RESOLVED: to continue to hold training sessions for committee members as outlined above.

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

None

The meeting closed at 8.10 pm