

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 21 November 2012 commencing at 2.00 pm and finishing at 4.50 pm.

**Present:**

**Voting Members:** Councillor David Wilmshurst – in the Chair  
Councillor Charles Mathew (Deputy Chairman)  
Councillor Roz Smith  
Councillor Jim Couchman  
Councillor Roy Darke  
Councillor Larry Sanders  
Councillor Lawrie Stratford  
Councillor Tony Crabbe (in place of Councillor Ray Jelf)

**By Invitation:** Mary Fetigan and Maria Grindley, Ernst & Young

**Officers:**

Whole of meeting S. Scane, Assistant Chief Executive & Chief Finance Officer; I. Dyson, Chief Internal Auditor; D. Miller, Chief Executive's Office

<b>Agenda Item</b>	<b>Officer Attending</b>
8	C. Phillips, Senior Policy & Performance Officer
9	H. Doney, Financial Manager – Treasury Management

*The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports,, copies of which are attached to the signed Minutes.*

### 22/12 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

<b>Apology From</b>	<b>Substitute</b>
Councillor Ray Jelf	Councillor Tony Crabbe
Councillor Ian Hudspeth	
Dr Geoff Jones	
Caroline Newton	

**23/12 MINUTES**  
(Agenda No. 3)

The Minutes of the meeting held on 19 September 2012 were approved and signed.

**24/12 CERTIFICATION REPORT FOR 2011/12**  
(Agenda No. 5)

The Committee considered a report by the Audit Commission on certification work carried out to provide assurance to government departments and grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable.

Mrs Scane introduced the report on behalf of the Audit commission which summarised the outcomes of the completed certification work on the Council's 2011/12 claims and returns.

**RESOLVED:** to receive the Certification Report for 2011/12.

**25/12 ERNST AND YOUNG EXTERNAL AUDITORS**  
(Agenda No. 6)

Maria Grindley and Mary Fetigan gave a brief presentation to the Committee on behalf of the Council's new External Auditors, Ernst & Young.

Maria Grindley in introducing the item gave assurances that the transition from the Audit Commission had gone smoothly and that the Council could expect the same auditing standards with some added benefits of improved technology.

Most of the team that had served the Council under the Audit Commission had transferred to Ernst & Young and all staff had gone through training. The Audit Code remained the same. New technology would enable the team to work more economically and to analyse data in different ways which in turn would enable them to provide greater reassurances to the Committee.

The Committee welcomed Mary Fetigan and Maria Grindley in their new roles as the Ernst and Young Management Team.

**RESOLVED:** to note the report.

**26/12 AUDIT WORKING GROUP REPORT**  
(Agenda No. 7)

The Committee considered a report (AG7) which summarised the main business items arising at the most recent meeting of the Audit Working Group on 21 November 2011, which were as follows:

SAP Roles  
Risk Management  
Internal Audit Reports  
Accounts Payable/Procure to Pay Project

## Annual Governance Statement Process – External Inspection Reports Work Programme

In relation to AWG4 (Internal Audit Report) Mr Dyson provided an update of the four outstanding actions for Knights Court. Written procedures were now in place and members of staff were now working with the staff in Environment & Economy to embed processes.

Staff had also sought legal advice on the collection of rent income in instances where lease agreements had expired, and the strong advice from legal was that there was no viable alternative. The outstanding lease agreement at Knights Court is not yet resolved. Heads of terms had been issued last week, so the Council were yet to receive any payment.

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The Committee noted with alarm that the priority 1 actions arising from Knights Court audit were not yet complete, with the implementation dates being changed with each report. They further noted that it was now nearly 24 months since the original lease agreement expired. The Committee resolved to write to the Deputy Director to question why this situation had gone on for so long, how the situation had occurred in the first place, what monitoring had taken place over the last 24 months and to report back on what processes and steps had been put in place to ensure that this situation never occurred again.

The Committee further asked that the Director carry out a check immediately to ensure that there were no other expired leases.

### **RESOLVED:**

- (a) note the report;
- (b) receive a progress update on the Procure to Pay project at the meeting on 16 January 2013;
- (c) agree the Corporate Governance Assurance Group should maintain an overview of external inspections and reports throughout the year; reporting any governance issues to the Audit & Governance Committee at the earliest opportunity;
- (d) request that all Directors include full details of any external inspections received in their regular update reports to Scrutiny Committees;
- (e) ask the Deputy Director of Environment & Economy to provide a written report back to all Members of the Committee by the end of November:
  - giving a full explanation of the history of the lease of Knights Court, including any issues and how they are to be resolved;
  - describing what steps are to be put in place to ensure that this issue does not reoccur;and request that the Deputy Director and Deputy Leader of the Council attend the next Meeting of the Audit Committee to give a full explanation of what has happened.

## **27/12 ZURICH RISK MANAGEMENT HEALTH CHECK**

(Agenda No. 8)

The Committee considered a report (AG8) which outlined the findings of the County Council's recently commissioned 'health-check' of the Council's approach to risk management.

Ms Phillips reported that the 'health check' was carried out by Zurich's Risk Management division and that their findings were set out in an Annex to the report. The findings of the health-check would enable the Council to reflect on our approach to risk management and consider how to take it forward during 2013.

The past year had seen development in the way that risk is managed at directorate level. The Joint Commissioning Service had been created across Children, Education and Families and Social & Community Services. The Performance and Information Team was now responsible for performance and risk management. The same was true in Environment & Economy where support to Oxfordshire Customer Services and Environment & Economy was consolidated with a single team supporting services.

This development had led to an increased understanding of the business, of current performance and the ability to challenge areas of risk. This was beginning to show through in the more mature approach to identifying performance measures and risks.

The alignment had also enabled better intelligence and reporting up from teams to directorate leadership teams, then through to CCMT and Informal Cabinet.

CCMT were currently reviewing the level and format of information brought to them to ensure effective management of priorities, including moving towards a more risk based approach with performance of key indicators and projects being reported regularly with other risks or issues on an exception basis. This would enable greater focus on the key deliverables and enables directorates to take responsibility for the operational management of their services.

The Zurich health-check report focused on four enabling categories; strategy and process, leadership and management, risk handling and assurance and people. Leadership was considered to be a strength but the majority of the recommendations related to improving our strategy and processes. Clarity and consistency over our guidance would be a large step to improving in this area and communicating better across all levels of the organisation.

CCMT had considered the report last week and were broadly happy with the findings of the report. The next steps would be to work with directorates to agree how to take forward the recommendations made by Zurich in the coming year particularly in regard to current resources and existing planned activity.

Members noted that the report was 'light touch' and expressed the importance of embedding processes, providing adequate training to ensure that it became the Ethos of the Council.

**RESOLVED:** to note the report.

**28/12.. TREASURY MANAGEMENT MID TERM REVIEW 2012/13**

(Agenda No. 9)

The Committee considered a report (AG9) which set out the Treasury Management activity undertaken in the first half of the financial year 2012/13 in compliance with the CIPFA Code of Practice, including Debt and Investment activity, Prudential Indicator monitoring, changes in Strategy, and forecast interest receivable and payable for the financial year.

**RESOLVED:** to note the report, and to **RECOMMEND** Council to note the Council's Mid Term Treasury Management Review 2012/13.

**29/12 AUDIT COMMITTEE WORK PROGRAMME - UPDATE/REVIEW**

(Agenda No. 10)

The Committee considered its Work Programme (AG10).

**RESOLVED:** to adopt the Work Programme subject on 16 January 2013 to add:

- Dispensations for Full Council;
- Procure to Pay Update
- Briefing of Knights Court
- Audit Plan

..... in the Chair

Date of signing 2013