

## AUDIT COMMITTEE

**MINUTES** of the meeting held on Wednesday, 18 January 2012 commencing at 11.00 am and finishing at 1.20 pm

**Present:**

**Voting Members:** Councillor David Wilmshurst – in the Chair

Councillor Charles Mathew (Deputy Chairman)  
Councillor Alan Armitage  
Councillor Tony Crabbe  
Councillor Roy Darke  
Councillor Sandy Lovatt  
Councillor Larry Sanders  
Councillor C.H. Shouler

**Non-voting  
Co-optees:** Dr Geoff Jones

**Other Members in  
Attendance:** Councillor Jim Couchman, Cabinet Member for Finance  
& Property

**By Invitation:** Maria Grindley & Chris Baston, Audit Commission

**Officers:**

Whole of meeting Lorna Baxter, Head of Corporate Finance  
Peter Clark, County Solicitor & Monitoring Officer  
Ian Dyson, Chief Internal Auditor  
Geoff Malcolm, Committee Officer

*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.*

**1/12 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**  
(Agenda No. 1)

An apology for absence was received from Councillor Lawrie Stratford.

**2/12 MINUTES**  
(Agenda No. 3)

The minutes of the meeting held on 16 November 2011 (AU3) were approved and signed.

Minute 54/11

The Chairman confirmed that his discussions with officers about a suggestion for further training for members about risk awareness were under way.

### **3/12 AUDIT COMMISSION**

(Agenda No. 5)

The Audit Commission representatives presented the following papers (**AU5**):

2011/12 - Oxfordshire County Council (OCC) Audit Plan

2011/12 - Oxfordshire Pension Fund Audit Plan

2010/11 - Certification of Claims & Returns – OCC\*

2011/12 - External Audit Progress Report January 2012 – OCC

\* Page 54 fifth action point: date was corrected from '2001' to '2011'.

Ms. Grindley outlined the proposed work under the audit plans and drew attention to the key milestones and deadlines for the accounting statements. The fee for the audit work represented a 10% reduction from the 2010/11 fee.

Mr Baston outlined the key points in the Certification of Claims including the results of the 2010/11 work, key milestones and deadlines and the progress against previous recommendations. He confirmed that the Commission would include in a future progress report an update on the agreed action relating to the employment-based initial teacher training grant return.

The Committee welcomed the reports, in particular the reduction in the Audit Commission's fees, and noted that an explanation was available on the Audit Commission's web site.

At members' suggestion Cllr Wilmshurst, Chairman undertook to discuss with officers and Dr. Jones, Chairman of the Audit Working Group the counter-fraud process matter raised at page 65, point 13.

**RESOLVED:** to note the reports and thank the Audit Commission team for their work.

### **4/12 INTERNAL AUDIT 2011/12 PROGRESS REPORT AND QUARTER 4 PLAN**

(Agenda No. 6)

Mr Dyson presented the Internal Audit Progress Report and Plan for Quarter 4 2011-12 (AU6). He drew members' attention in particular to two changes to the Quarter 4 Plan (previously considered by the Committee), to the counter-fraud plan which was annexed to the report and to Internal Audit's current performance against key indicators. He then responded to members' questions and comments including Internal Audit staffing, collaboration with other authorities and the planned work which had been outsourced and its impact on overall performance.

**RESOLVED:** to note the report and thank Mr Dyson and team for their work.

**5/12 REVIEW OF THE PROCESS FOR REPORTING ON THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

(Agenda No. 7)

Mr. Clark reminded members that in accordance with the Accounts and Audit Regulations 2011 the Council was required to undertake a review of the effectiveness of the system of Internal Audit. He then presented the report (AU7) which detailed the assurance framework and suggested a process for undertaking and reporting on the review.

**RESOLVED:** to

- (a) approve the process for reviewing the effectiveness of the System of Internal Audit;
- (b) approve the circulation list, content and format of the Annual Survey Questionnaire;
- (c) authorise the Monitoring Officer to undertake the review and report back to the Audit Committee; and
- (d) thank Mr. Clark and colleagues for their work.

**6/12 TREASURY MANAGEMENT STRATEGY STATEMENT**

(Agenda No. 8)

The Committee considered the report to Cabinet on 17 January 2012 (AU8) by the Assistant Chief Executive & Chief Finance Officer on the Treasury Management Strategy Statement and the Annual Investment Strategy for 2012/13.

Councillor Couchman confirmed that the Cabinet had resolved, as part of the budget proposals, to recommend Council to approve the Treasury Management Strategy Statement and the Prudential Indicators from April 2012, and that in relation to the 2012/13 strategy any further changes required be delegated to the Chief Finance Officer in consultation with the Leader and Cabinet Member for Finance.

Ms. Baxter introduced the paper and responded to members' questions and comments. The report complied with the technical requirement of the CIPFA Treasury Management Code of Practice and set out, amongst other things the investment strategy for the Council's temporary cash flow surpluses. The strategy continued the previous policy of maintaining security of capital, along with the liquidity of its investments, whilst achieving the optimum return on its investments commensurate with risk. Potential maximum exposure to credit risk was reflected in the Statement of Accounts and was taken into account in the assessment of the level of balances required.

The Committee sought further information on the risk and governance elements of the Treasury Management Strategy.

**RESOLVED:** to

- (a) receive and note the report;
- (a) pay tribute to the work of the Treasury Management Team in an extremely active/difficult time; and
- (b) include in the Committee’s Work Programme for the next meeting an item on Treasury Management - risk and governance.  
(See also Work Programme at agenda item 9 below).

**7/12 AUDIT COMMITTEE WORK PROGRAMME - REVIEW/UPDATE**

(Agenda No. 9)

The Committee considered and **RESOLVED** to agree its Work Programme for the remainder of the Council Year subject to:

- (a) noting that the informal pre-meeting briefing on the Adult Information System (AIS), which had been deferred from 18 January 2012, had been re-scheduled for 29 February 2012; and
- (b) the addition at the next meeting of the topic raised at item 8 above (the risk and governance elements of the Treasury Management Strategy) for the next meeting.

**8/12 DCLG CONSULTATION ON THE FUTURE OF LOCAL PUBLIC AUDIT**

(Agenda No. 10)

Mr Dyson reminded the Committee that in June 2011 the Audit Working Group and the Committee considered the DCLG consultation paper on the “Future of Local Public Audit”. Following the discussions a response to the consultation was submitted at the end of June. The DCLG response to the future of local audit consultation had been circulated to members (a hard copy could be obtained upon request to Mr. Dyson). He then presented a brief summary of the key elements of the new local public audit framework. The Government proposed, subject to some further work, to set out the preferred approach and publish a draft Bill in Spring 2012.

A member’s suggestion to write to the Government objecting to the proposals to enable auditors to provide non-audit services to the audited body, subject to safeguards, was rejected.

**RESOLVED:** to note the current position.

..... in the Chair

Date of signing .....