

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 19 September 2012 commencing at 2.00 pm and finishing at 4.35 pm

**Present:**

**Voting Members:** Councillor David Wilmshurst – in the Chair  
Councillor Roz Smith  
Councillor Jim Couchman  
Councillor Roy Darke  
Councillor Stewart Lilly (In place of Councillor Charles Mathew)  
Councillor Keith R. Mitchell CBE (In place of Councillor Ray Jelf)  
Councillor Caroline Newton  
Councillor Larry Sanders  
Councillor Lawrie Stratford  
Dr Geoff Jones

**Other Members in Attendance:** Councillor Charles Shouler, Cabinet Member for Finance

**By Invitation:** C. Baston, M. Fetigan, M. Grindley, Audit Commission

**Officers:**

Whole of meeting S. Scane, Assistant Chief Executive & Chief Finance Officer; I. Dyson, Chief Internal Auditor; G. Malcolm, Committee Officer

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
5,6,7	S. Skivington, Corporate Finance Manager
9	G. Watson, Principal Governance 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.*

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

(Agenda No. 1)

Apology from	Substitute
Councillor Charles Mathew	Councillor Stewart Lilly
Councillor Ray Jelf	Councillor Keith R. Mitchell C.B.E.

## 13/12 MINUTES

(Agenda No. 3)

The Minutes of the meeting held on 4 July 2012 (AG3) were approved and signed.

### Matter arising

Minute 4/12 – Audit Working Group

In the light of Councillor Charles Shouler having been appointed Cabinet Member for Finance, the Committee (on a proposal by Councillor Stratford seconded by Councillor Lilly and carried nem. con.) appointed Councillor Caroline Newton in his place as deputy for Councillor Charles Mathew on the AWG.

## 14/12 AUDIT COMMISSION

(Agenda No. 5)

The Committee considered the Audit Commission Annual Governance Reports for the Oxfordshire County Council and Oxfordshire Pension Fund (AG5).

Ms Grindley informed the Committee that the overall message remained that the Authority had put together good papers and Accounts. She commended the Council's excellent team and joint working.

Ms. Fetigan then confirmed that the Commission was still expecting to issue unqualified opinions for the Council and Pension Fund Accounts. Some minor matters (shown below\*) remained to be resolved, but in the context of the complexity the current position represented a real achievement.

*\*Annual Governance Report (AGR) – Oxfordshire County Council 2011/12:*

- £102,000 capital accrual error - item tested was £250,000 and the Commission found that £102,000 of works were done in April 2012 not March 2012 as implied. This error was trivial but the Commission always needed to extrapolate to give an estimate of the kind of error that might be present in rest of population. So the Commission estimated that the error if present in rest of population would be £747,000. The Committee needed to decide if they were content not to amend this, though the Commission noted that generally extrapolations were not considered as good basis for amendment. (Note: the Committee agreed with Management's reasons not to amend).
- Exit packages - minor further amendment to clarify that note was based on HR record of leavers amended for accruals rather than list of leavers agreed. There was a lack of clear guidance on how to deal with differences in accrual to actual cost - an extra note added to clarify that some accruals were too high and some too low.
- Work on IT existence outstanding and the Commission was hoping to get evidence soon. There was likely to be some recommendation around

strengthening controls over verifying existence of IT equipment in the final AGR.

(Page 34 (Financial Statements) was amended in the first paragraph, first line by the addition before the word 'relevant' of the word 'issues'.)

*Annual Governance Report – Oxfordshire Pension Fund 2011/12*

- Further disclosure was required to the Accounts (around £8m p.p.a. on note 28b that removed statutory debtors in loans and receivables) to declare the movement and the nature of the change;
- initially in note 28b all the assets 'at fair value' were recorded as current i.e. repayable within one year - but actually £45m of them were long term assets, so this amount had to be split out and shown separately.

**RESOLVED:** to receive the reports, and thank the Audit Commission representatives for their reports and work.

**15/12 ANNUAL AUDIT LETTER**

(Agenda No. 6)

The Committee considered the Audit Commission Annual Audit Letter (AG6).

Ms Grindley introduced the Letter and informed the Committee that there were no issues on the Financial Statements of the Authority and Pension Fund arising from the audit. A final copy would be supplied.

**RESOLVED:** to receive the Annual Audit Letter.

**16/12 FINAL STATEMENT OF ACCOUNTS 2011/12**

(Agenda No. 7)

The Corporate Finance Manager tabled an updated Management Representation Letter 2011/12 (AG7-copy attached to the signed Minutes) which had been revised in the light of the Audit Commission's identification of a small error in the Accounts. She highlighted key points and paid tribute to the work of her team and directorates.

The Committee considered the Final Statement of Accounts 2011/12 and the revised Management Representation Letter. The key points had already been covered in the above two items, Minutes 14 & 15.

The Chairman and Committee thanked all concerned for their work on the Accounts which had contributed to the excellent Audit Commission reports.

**RESOLVED:**

(a) subject to the Chief Finance Officer finalising changes to the Accounts with the Audit Commission, to approve the Final Statement of Accounts 2011/12; and

(b) to approve the revised Management Representation Letter 2011/12.

## **17/12 AUDIT WORKING GROUP - 10 SEPTEMBER 2012**

(Agenda No. 8)

The Committee considered a report (AG7) which summarised the main business items arising at the most recent meeting of the Audit Working Group (AWG) on 10 September 2012, which were as follows:

SAP Roles  
E&E Risk Management  
Property Lease Renewals  
Accounts Payable / Procure to Pay Project  
Work Programme

The Committee supported the proposal (at AWG6) that the next member development session prior to the Committee on 21 November 2012 should focus on the development of the procure to pay process.

**RESOLVED:** to note the report subject to the Work Programme at Annex 1 (8 November 2012) to the deletion of 'Belinda Dimmock-Smith' and the substitution of 'Claire Phillips'.

## **18/12 LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL REVIEW OF OXFORDSHIRE COUNTY COUNCIL**

(Agenda No. 9)

The Committee considered a report (AG9) which summarised the findings of the Local Government Ombudsman (LGO)'s Annual Review of Oxfordshire County Council for the year ended 31 March 2012. The Ombudsman had commented on the complaints made about the Council and our performance in handling them. The Ombudsman had no concerns about the Council's response times or the complaints considered by her. This report nevertheless highlighted the Ombudsman's key findings demonstrating the Council's performance.

Mr Watson presented the paper and at members' request provided a breakdown of the service areas for the 7 cases referred to in the Ombudsman report where minor fault/remedy had occurred, as follows:

*No or minor injustice & Other (2)*

- 1 - Adult Social care
- 1 - E&E (Highways & Transport)

*Injustice remedied during enquiries (5)*

- 3 - Adult social care
- 1 - School admissions
- 1 - Democratic services

**RESOLVED:** to note the report and, with pleasure, the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2011/12.

## **19/12 INTERNAL AUDIT PLAN 2012/13 - PROGRESS REPORT AND QUARTER 3 PLAN**

(Agenda No. 10)

The Committee considered a report (AG10) which presented the Internal Audit progress report and Plan for quarter 3 2012-13. Mr Dyson introduced the paper and highlighted the key issues regarding resources and counter-fraud.

**RESOLVED:** to note the report and approve the Quarter 3 Plan.

## **20/12 DRAFT LOCAL AUDIT BILL**

(Agenda No. 11)

The Chief Internal Auditor updated members on the progress of the draft Bill (which was available for inspection on the DCLG website).

The draft Bill set out the arrangements for the abolition of the Audit Commission and thereafter. There were no significant differences to the proposals set out in the consultation paper considered by the Audit Committee in June 2011. The Council had commented to the DCLG on the legislation proposed in the draft Bill, specifically the requirement of having an Independent Audit Panel; the need for more detail around responsibility for dealing with disputes should they occur between the Contractor and the Council; and, clarity on the decision making process and timescale for invoking the extension clause in the current audit contracts beyond 2017. The Council also expressed concern at the proposed enhanced role of the National Audit Office in undertaking extended value for money reviews and local improvement reviews.

**RESOLVED:** to note the current position, thank Mr Dyson and ask him to keep the Committee / members updated as necessary.

## **21/12 COMMITTEE WORK PROGRAMME 2012/13**

(Agenda No. 12)

The Committee considered its Work Programme (AG12).

**RESOLVED:** to adopt the Work Programme subject on 21 November 2012 to:

- deletion of the 'Annual Audit Letter';
- and
- addition of 'the outcome of Zurich's Risk Management Health Check'.

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**COMMITTEE OFFICER**

The Chairman, Councillor David Wilmshurst informed the Committee that Geoff Malcolm, Committee Officer would be leaving at the end of October after many years with the Council. Councillor Wilmshurst, with the Leader of the Council and Committee members thanked him for his work over the years and wished him a long and happy retirement.

..... in the Chair

Date of signing 2012