

AUDIT COMMITTEE

MINUTES of the meeting held on Wednesday, 19 January 2011 commencing at 11.00 am and finishing at 1.45 pm

Present:

Voting Members: Councillor David Wilmshurst – in the Chair

Councillor Alan Armitage
Councillor Roy Darke
Councillor Stewart Lilly
Councillor Charles Mathew
Councillor Larry Sanders
Councillor C.H. Shouler
Councillor Lawrie Stratford
Councillor Melinda Tilley

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

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

By Invitation: Mary Fetigan, Audit Manager, Audit Commission

Officers:

Whole of meeting S. Scane, Assistant Chief Executive & Chief Finance
Officer; P. G. Clark, Head of Law & Governance; G. K.
Malcolm, Committee Officer.

Part of meeting

Agenda Item	Officer Attending
6	S. Skivington, Strategic Finance Manager (Financial Accounting & Reporting)
7,8	I. Dyson, Assistant Head of Finance (Audit)
9	T. Chapple (Financial Manager & Pension Fund Investments)

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.

1/11 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies for Absence	Substitute
Councillor Ray Jelf	Councillor Melinda Tilley
Councillor A. M. Lovatt	Councillor Stewart Lilly

2/11 MINUTES

(Agenda No. 3)

The Minutes of the meeting held on 17 November 2010 (AU3) were approved and signed subject at Minute 44 to the deletion in resolution (b) to the words 'nem. con).

Minute 44/10(c) - Corporate ICT Strategy

Members requested an update on the Audit Committee's resolution which noted that, at the suggestion of Councillor Melinda Tilley, Chairman of the Strategy & Partnerships Scrutiny Committee, the report by Dr Geoff Jones on behalf of the Audit Working Group would be considered by the Scrutiny Committee on 18 November 2010 as part of an item 'Corporate ICT Strategy' prior to Cabinet consideration of the matter on 21 December 2010.

The committee officer undertook to circulate the Scrutiny Committee Minute following the conclusion of the meeting.

(The Minute of the Strategy & Partnerships Scrutiny Committee was as follows: "Councillor Wilmshurst introduced the report of the Audit Working Group and added that the Audit Committee had agreed that a copy go to all members and that it also be considered at Cabinet. Following discussion on the lessons to be learnt the Chief Finance Officer responded that it was important to recognise that there were always choices to be made and that there were always risks. Graham Shaw, Deputy Head of ICT Services added that he had been asked to provide an update report for Cabinet on the action being taken. He stressed that there were new approaches in place and that the new Strategy was a key part of that change. It was AGREED that further updates be submitted to the (*..Strategy & Partnerships Scrutiny..*) Committee as appropriate to monitor that the new approach was achieving its objectives.")

3/11 AUDIT COMMISSION

(Agenda No. 5)

The Committee considered reports (AU5(a)-(e)) which were introduced by Ms. Fetigan, Audit Commission, as follows:

- (5a) 10/11 Opinion Audit Plan Oxfordshire County; and
- (5b) 10/11 Opinion Audit Plan Oxfordshire Pension Fund

The Opinion Audit Plans set out the work proposed by the Commission to be undertaken in 2010/11 for the audit of financial statements and the value for money conclusion 2010/11.

AU3

(5c) Annual report on the audit of grant claims 2009/10 (in draft);

The Certification of Claims and Returns - annual report 2009/10 summarised the findings from the certification of 2009/10 claims and recommended action plan.

(5d) Internal and External Audit Protocol;

The Joint Working Protocol – Internal & External Audit outlined the approach to support effective joint working to delivering the audit in 2010/11.

(5e) Audit progress report and details of changes in approach.

The External Audit Progress Report identified the work the Commission would deliver as part of the 2010/11 plan, progress with the plan, and highlighted key changes in audit approach from clarification of the International Standards on Auditing and developments in the value for money conclusion.

Ms. Fetigan then responded to questions and comments including the Commission's consultation on possible rebate and the Commission's approach to value for money conclusions. In relation to item 5(c) – Certification of Claims & Returns – currently in draft, she undertook to supply the final version to members. The Committee welcomed the Joint Working Protocol as a positive development. Members also welcomed the Progress Report and in particular the regular updates to the Committee.

Ms. Fetigan, Audit Commission and team were thanked for their work.

RESOLVED: to receive and note the Audit Commission reports.

4/11 INTERNATIONAL FINANCIAL REPORTING STANDARDS

(Agenda No. 6)

From 2010/11 the Council's accounts were required to be prepared using International Financial Reporting Standards (IFRS) as part of a wider public sector move to comply with international accounting standards. Members had had an opportunity to attend an informal pre-meeting development session on IFRS prior to the meeting during which Ms. Skivington had explored the matters in more depth.

The Committee considered a report (AU6) which provided a reminder of the main differences between the IFRS-based Code and the previous Statement of Recommended Practice (SORP) and updated the Committee on progress in ensuring the Council's compliance with the required changes.

Ms. Skivington introduced the report which provided information about the restatement of accounts, the presentation of the financial statements, the main areas of difference between IFRS and SORP and progress with work on the project. Members sought information including progressing as high priority configuration changes required to SAP, and cost / benefit of the changes to the Council.

Members explored the costs of implementing the Regulations, benefits to the Council, progress with configuration changes required to SAP, and briefing and training for officers and councillors.

The Committee thanked Ms. Skivington for her presentation prior to the start of the meeting and for her report and work.

RESOLVED: to

- (a) receive the report; and
- (b) note the IFRS project progress to date.

5/11 REVIEW OF THE PROCESS FOR REPORTING ON THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

(Agenda No. 7)

In accordance with the Accounts and Audit Regulations 2003 (as amended in 2006), the Council was required to undertake a review of the effectiveness of the system of Internal Audit.

The Committee considered a report (AU7) which detailed the assurance framework and suggested a process for undertaking and reporting on the review. Mr. Dyson introduced the report. He drew attention in particular to the Sources of Evidence shown at paragraph 7 which outlined the existing process for reviewing the effectiveness of the system of internal audit; no changes were being proposed. The suggested annual survey format was set out at Appendix 1. The Committee considered that the CIPFA statement on the role of the Head of Internal Audit was helpful and that the Council was already applying the standards and had healthy governance arrangements and quality of work.

Whilst it was recognised that there was a strong working relationship with directorates, officers were asked to urge active co-operation with regard to the completion and timely submission of the questionnaire.

RESOLVED: to

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

6/11 REPORT OF THE AUDIT WORKING GROUP - 6 JANUARY 2011

(Agenda No. 8)

The Committee considered a report (AU8) on the following specific matters which had been considered by the Audit Working Group (AWG) on 6 January 2011:

- AWG 3 Matters arising from the Audit Committee 17 November 2010
(Financial Management in Schools: during debate the Committee sought information about the availability of training for school governors on financial matters. Mr. Dyson undertook to pursue the matter outside the meeting.)
- AWG 4 SAP in Schools – End of Programme Report
- AWG 5 Update on Fairer Charging Performance
- AWG 6 2009/10 AGS Action Plan Progress Report
- AWG 7 Risk Management Progress Report
- AWG 8 Internal Audit progress report
- AWG 9 Counter-Fraud Progress Report
- AWG10 CLG Select Committee Call for Evidence on audit and inspection of local authorities.
- AWG11 Work Plan
- AWG12 Proposed meeting dates for 2011/12

RESOLVED: to

- a) approve the AWG meeting dates in 2011/12; and
- b) note the report.

7/11 TREASURY MANAGEMENT STRATEGY STATEMENT & ANNUAL INVESTMENT STRATEGY 2011/12

(Agenda No. 9)

The Committee considered a report (AU9-circulated with the Cabinet Agenda for 25 January 2011) which set out the proposed Treasury Management Strategy for the financial year 2011/12, the Prudential Indicators, the borrowing strategy and an interest rate forecast. Also included in the report was the Annual Investment Strategy, detailing the range of Specified and Non Specified investments that the Council may enter into, and the minimum credit criteria for the investment type.

Mr. Chapple introduced the report and the reporting process. He confirmed that the Cabinet on 25 January 2011 would consider this report as part of Service & Resource Planning 2011-2016. The Cabinet was recommended to recommend Council to approve:

- (1) the Treasury Management Strategy Statement ;
- (2) Prudential Indicators from April 2011; and
- (3) that in relation to the 2011/12 strategy any further changes required be delegated to the Chief Finance Officer in consultation with the Leader and Cabinet Member for Finance.

Councillor Couchman commented that the report confirmed that the Council continued to be prudent in this area. The Committee made no specific comments to Cabinet on the Statement and Strategy Prudential Code and Indicators.

RESOLVED: to note the report and the Cabinet decision and thank Mr Chapple and team for their work.

8/11 BUSINESS STRATEGY

(Agenda No. 10)

Ms. Scane reported that members would be updated on the financial element of the Council's Business Strategy at the budget briefing on 21 January 2011 and at the Cabinet on 25 January 2011 as part of the Service & Resource Planning 2011-2016. The final Local Government Finance Settlement was expected to be made available by ministerial statement in early February 2011.

RESOLVED: to note the position.

9/11 DRAFT WORK PROGRAMME 2011/12

(Agenda No. 11)

The Committee reviewed and updated its Work Programme (AU11).

In relation to the topic relating to scrutiny governance & control matters at the foot of the second page, officers clarified that the heading 'Regular Reports' indicated that the scrutiny annual report and scrutiny annual work programme would be brought to the Committee as they became available.

RESOLVED: to adopted the Work Programme for the remainder of the Council Year.

..... in the Chair

Date of signing