

## AUDIT COMMITTEE

**MINUTES** of the meeting held on Thursday, 7 July 2011 commencing at 2.00 pm and finishing at 4.45 pm

**Present:**

**Voting Members:** Councillor Charles Mathew – in the Chair

Councillor Alan Armitage  
Councillor Tony Crabbe  
Councillor Roy Darke  
Councillor A.M. Lovatt  
Councillor C.H. Shouler  
Councillor Lawrie Stratford  
Councillor Carol Viney (In place of Councillor David Wilmshurst)

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

**Other Members in  
Attendance:** Councillor Nick Carter  
Councillor Jim Couchman

**By Invitation:** Mary Fetigan, Audit Commission

**Officers:**

Whole of meeting Peter Clark, Head of Law & Governance, Sue Scane, Assistant Chief Executive & Chief Finance Officer, Ian Dyson, Chief Internal Auditor, Geoff Malcolm, Committee Officer

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
9	T. Chapple
10	Ms. S. Cox
11	Ms. S. Skivington
12	Ms. C. Phillips

*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.*

**32/11 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

Apology from	Substitute
Councillor David Wilmshurst	Councillor Carol Viney
Councillor Larry Sanders	-

**33/11 MINUTES**

(Agenda No. 3)

The Minutes (AU3) of the meetings held on 20 April 2011 and 22 June 2011 were approved and signed.

**34/11 AUDIT COMMISSION**

(Agenda No. 5)

Ms. Fetigan, Audit Commission presented the following matters (AU5):

**Audit of Oxfordshire County Council Financial Statements - Compliance with International Auditing Standards**

The Committee considered a Letter from the Audit Commission to the Chairman of the Committee. The Letter had been prepared in compliance with a number of International Standards on Auditing and sought to obtain an understanding of matters concerned with governance and oversight of the Council's governance and management process.

**Audit Commission Progress Report**

The Committee considered the report which looked at the Audit Commission's progress with the 2010/11 audit. Ms. Fetigan reported that the audit was broadly on track and that there were no issues to raise with the Council or significant concerns at this stage. The Chief Finance Officer confirmed that the Council placed great emphasis on challenge and monitoring.

**RESOLVED: to**

- (a) agree that the Chairman, following any necessary consultation with appropriate officers, could respond by letter or e-mail to the Audit Commission by early September 2011; and
- (b) receive and note the Audit Commission Progress Report and agree that the Commission's next progress report could take the form of an update (rather than a 'whole report' format).

### **35/11 AUDIT WORKING GROUP - 16 JUNE 2011**

(Agenda No. 6)

The Committee considered a report (AU6) which set out the Audit Working Group (AWG) matters considered by the Group on 16 June 2011.

The specific matters for report to the Committee were as follows:

- Fairer Charging\* (matter arising from 31 March 2011 meeting);
- Update on SAP roles (matter arising from 31 March 2011 meeting);
- Highways and Transport – Risk & Project Management;
- Draft Internal Audit Annual Report\*\*;
- Risk Management;
- Work Programme.

The Chief Internal Auditor updated the Committee on the report topics, in particular:

#### **\*Fairer Charging**

The latest performance report had shown that the significant delay in undertaking the financial assessment for one client had been due to the way the client care had been recorded on Abacus. There was no lost income as a result. A further report had been requested from the relevant directorate officers. The matter would be considered by the AWG.

#### **\*\*An opinion in the Draft Internal Audit Annual Report**

The outstanding action following the Voluntary Sector Payments audit had been partially completed with the SAP coding structure being improved to enable voluntary sector payments to be more easily identified and monitored. Members asked to what extent directorate officers followed up on the allocation of grants to ensure they had been used for their intended purpose. Mr Dyson undertook to discuss the matter further with the relevant officers.

**RESOLVED:** to note the report and AWG Work Programme 2011/12.

### **36/11 ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT 2010/11**

(Agenda No. 7)

The Head of Internal Audit introduced the Annual Report for 2010/11 (AU7) which complied with regulations requiring a written report to those charged with governance (the Committee) to support the Annual Governance Statement, including an opinion on the overall adequacy and effectiveness of the Council's control environment. He drew attention in particular to paragraph 2.2.1 which summarised the opinion on the Council's System of Internal Control. He then responded to members' questions including the Separate Report on Information Governance, which would be the subject of further report to the AWG, and in relation to Appendix 2 'School Audits 2010/11' undertook to circulate to members a matrix of any areas causing concern.

**RESOLVED:** to note the report.

**37/11 INTERNAL AUDIT PLAN - QUARTER 2, 2011/12**

(Agenda No. 8)

The Committee considered a report (AU8) which presented the Internal Audit Plan for quarter 2 2011/12. The Chief Internal Auditor introduced the paper which included the revised Counter-Fraud Plan 2011/12 and the status of audits planned in Quarter 1. He was asked to convey the Committee's thanks to Ms. C. Tyler, Senior Auditor, who was leaving, for her work with the Council and to wish her well for the future.

**RESOLVED:** to approve the Quarter 2 Internal Audit Plan and the Counter-Fraud Plan.

**38/11 TREASURY MANAGEMENT OUTTURN 2010/11**

(Agenda No. 9)

The Committee considered the report (AU9) to Cabinet which set out the Treasury Management activity undertaken in the financial year 2010/11 in compliance with the CIPFA Code of Practice. The report included Debt and Investment activity, Prudential Indicator outturn, changes in Strategy, any breaches of approved Strategy and interest receivable and payable for the financial year.

During debate the Committee:

- suggested that in Annex 1 (the Council's debt financing 2010/11) it might be helpful in future to include comparison with previous years; and
- noted that in the paper for Cabinet consideration Annex 4 (lending list changes during 2010/11) had been revised to include the dates of removal/reinstatement of Santander UK plc.

**RESOLVED:** to note the report and recommendations to Cabinet and thank Mr. Chapple, Financial Manager - Treasury Management & Pension Fund Investments for his report and work.

**39/11 ANNUAL GOVERNANCE STATEMENT 2010/11**

(Agenda No. 10)

The Council had approved and adopted a code of corporate governance which was consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Corporate governance was the framework of accountability to users, stakeholders and the wider community, within which organisations took decisions, and lead and controlled their functions to achieve their objectives. The quality of corporate governance arrangements was a key determinant of the quality for services provided by organisations.

The Committee considered the Annual Governance Statement (AU10) which explained how the County Council had complied with the Code and also met the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of a Statement on Internal Control. It would be included with the Statement of Accounts 2010/11.

The Monitoring Officer reported that the paper had been considered by the AWG. He then gave an overview of the arrangements and evaluation of the governance framework. In relation to progress with the Action Plan and in response to a member's question, he undertook to amend the wording in the 'Status' column at Action 6, to bring it up to date. The Committee made no other comment on amending the Statement.

**RESOLVED:** to approve the Annual Governance Statement 2010/2011, subject to the County Solicitor & Monitoring Officer, following consultation with the Leader of the Council, Chief Executive and Section 151 Officer, making any necessary amendments in the light of comment made by the Committee.

#### **40/11 STATEMENT OF ACCOUNTS 2010/11**

(Agenda No. 11)

The Accounts and Audit Regulations had been revised this year and included changes to the approval process for the Statement of Accounts. The 2011 Regulations required the Assistant Chief Executive & Chief Finance Officer to sign the Statement of Accounts no later than 30 June, and certify that they gave a true and fair view of the County Council's position. The Regulations also required that the Audit Committee consider and approve the accounts no later than 30 September, allowing members to make a better informed decision when the findings of the audit were available.

The Committee considered a report (AU10) which presented the accounts certified by the Chief Finance Officer for the Committee's information before the start of the public inspection period and the commencement of the audit. The 2010/11 Statement of Accounts was attached (Annex 1 to the report). An overview of the financial position of the Council at 31 March 2011 was contained in the explanatory foreword.

The Chairman and the Chief Finance Officer thanked all concerned for their work in producing the first set of Accounts to be prepared under International Financial Reporting Standards (IFRS), in particular Ms. S. Skivington, Strategic Finance Manager (Financial Accounting & Reporting) and Ms. S. Bajwa, (Financial Accountant – Capital) and team.

In relation to the Movement in Reserves Statement under the new IFRS-based Code the Committee commended a briefing note/factsheet for members, and continued media briefing.

**RESOLVED:** to note the Statement of Accounts for 2010/11 to be submitted to the auditor; and note the Summary Accounts 2010/11.

#### **41/11 SCRUTINY COMMITTEES - ANNUAL REPORT 2010/11**

(Agenda No. 12)

On 14 June 2011 the Council had received the Scrutiny Committees' Annual Report (AU12) which the Committee had included in its Work Programme.

During debate on the Annual Report and the scrutiny process:

- Councillor Mathew undertook to discuss with Councillor Wilmshurst, Chairman of the Committee, upon his return, and the Corporate Performance & Review Manager how the Committee’s Work Programme could be improved regarding the Committee’s consideration of scrutiny governance and control matters; and
- Councillor Carter, Chairman of the Strategy & Partnerships Scrutiny Committee undertook to discuss Councillor Armitage’s concerns with him following the conclusion of the meeting.

**RESOLVED:** to note the Annual Report which had been received by Council on 14 June 2011.

**42/11 AUDIT COMMITTEE WORK PROGRAMME - REVIEW / UPDATE**

(Agenda No. 13)

**RESOLVED:** to adopt the Work Programme 2011/12 subject to the following additions:

*on 21 September 2011:*

‘Internal Audit Plan – Quarter 3, 2011/12  
(Chief Internal Auditor);

*on 18 January 2012:*

- ‘Internal Audit Plan – Quarter 4, 2011/12 (Chief Internal Auditor); and
- Audit Commission:  
2011/12 Opinion Audit Plan - Oxfordshire County & Oxfordshire Pension Fund;  
and  
Annual Report on the Audit of Grant Claims 2010/11.

*Regular Reports:*

Updates on the Business Strategy:

Officers to bring key extracts from the Cabinet’s Financial Monitoring & Business Strategy Delivery Report for the Committee’s consideration.

..... in the Chair

Date of signing .....