

## AUDIT COMMITTEE

**MINUTES** of the meeting held on Wednesday, 20 January 2010 commencing at 11.00 am and finishing at 1.25 pm

**Present:**

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

Councillor Ray Jelf (Deputy Chairman)  
Councillor Alan Armitage  
Councillor Roy Darke  
Councillor Tim Hallchurch MBE  
Councillor Charles Mathew  
Councillor Lawrie Stratford

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

**Other Members in  
Attendance:** Councillor Keith R. Mitchell (for Agenda Items 1-8)  
Councillor Melinda Tilley (for Agenda items 1-12)

**Officers:**

Whole of meeting P. G. Clark, I. Dyson, G. K. Malcolm, S. Scane  
(Corporate Core)

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
6	S. Collins (Shared Services) S. Kearey & S. Stapley (Social & Community Services)
7	T. Chapple (Corporate Core)
8	Dr. I. Alvi (Corporate Core)
9	H. Cameron (Shared Services)

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

**1/10 MINUTES**  
(Agenda No. 3)

The Minutes of the meeting held on 18 November 2009 (AU3) were approved and signed.

**2/10 ANNUAL EXTERNAL AUDIT REPORT 2008/09**

(Agenda No. 5)

The Committee considered a report (AU5) which summarised the 2008/09 external Audit Work carried out by KPMG LLP within their areas of audit responsibility.

As the information in the Report was not new to members, Ms. Scane presented the paper on behalf of the external auditors. She drew attention to the two key messages relating to the use of resources assessment and the unqualified audit opinions issued on the Council's financial statements, the pension fund's financial statements & the value for money conclusion. She then responded to members' questions and comments on the formal Letter. In relation to the Managing Resources findings members expressed disappointment that the Letter did not indicate how the Council might improve its score.

**RESOLVED:** to note the report.

**3/10 UPDATE ON WORK ON FAIRER CHARGING INCOME**

(Agenda No. 6)

At the October 2009 meeting of the Audit Working Group, officers set out a detailed plan for the remaining actions to be completed in order to improve the end to end fairer charging assessment process, with a view to reducing (or eliminating) the amount of foregone income.

The Committee considered a report (AU6) which updated members on the progress against the action plan, and the impact of these and previous actions on the levels of foregone income. This report had come direct to the Audit Committee following the recent cancellation of the Audit Working Group meeting during difficult weather conditions.

Mr. Kearey, Mr. Collins and Ms. Stapley introduced the paper and drew attention to the significant actions taken and improvements which were completed or under way and responded to questions and comments, including the measures put in place to provide management information. Members welcomed the improvements so far and thanked the officers for their work and progress.

**RESOLVED:** to

- (a) note the report; and
- (b) ask the Audit Working Group to consider an update at its April 2010 meeting and report to the Committee.

**4/10 SELF ASSESSMENT OF TREASURY MANAGEMENT PRACTICES AT OXFORDSHIRE COUNTY COUNCIL**

(Agenda No. 7)

The Committee considered a report (AU7) which set out the proposed Treasury Management strategy for the financial year 2010/11, 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 types. The details of a self assessment of current Treasury Management Practices which had been carried out at Oxfordshire County Council were also included.

Mr Chapple introduced the paper and outlined the process for comment on / approval of the Treasury Management Strategy, including the Strategy & Partnership Scrutiny Committee, Cabinet and Council. He responded to questions and comments including the cost and role of Treasury Management Advisors.

Mr. Jones, Chairman of the Audit Working Group considered that the Group should consider any outstanding issues. Mr. Dyson confirmed that he would be reporting to the Audit Working Group but that he had no matters of concern.

**RESOLVED:** to note the Council's Treasury Management self assessment as at January 2010.

## **5/10 IMPROVING PROJECT AND PROGRAMME MANAGEMENT GOVERNANCE**

(Agenda No. 8)

The Committee considered a report (AU8) which updated progress with the action plan to improve project and programme management governance which had been presented to the Committee on 22 April 2009. (The Committee had agreed to include in its Work Programme a brief overview and action plan progress update.)

Officers outlined the background to the current position in terms of the development of project management guidance and governance. Dr. Alvi responded to questions and comments about the integration of project and risk management with performance management, the provision of leadership and challenge, the membership of the ICT Strategy Board and the Business Efficiency Strategic Board and the purpose and use of Gateway reviews.

**RESOLVED:** to

- (a) note this progress report; and
- (b) ask the Head of Strategy to report to the Audit Working Group (AWG) as part of the Group's quarterly consideration of risk through the corporate balance scorecard which included key projects and the risks associated with them, with a six monthly report via the AWG to the Committee.

## **6/10 INTERNATIONAL FINANCIAL REPORTING STANDARDS - UPDATE**

(Agenda No. 9)

The Committee considered a report (AU9) which provided an update on the progress in ensuring the Council's compliance with changes in accounting standards.

Ms. Cameron introduced the paper which updated the position since the last report to the Committee in April 2009 to ensure compliance with the requirement for local authorities to prepare their accounts using International Financial Reporting Standards (IFRS). She drew attention to the areas of significant difference between IFRS and the current Code of practice on Local Authority Accounting in terms of property, leases, service concession arrangements, employee benefits and the reporting, presentation & disclosure requirements and responded to points of clarification. Work was ongoing to ensure that the Council met the requirements within the timescale.

**RESOLVED:** to

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

**7/10 REVIEW OF THE PROCESS FOR REPORTING ON THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

(Agenda No. 10)

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

The Committee considered a report (AU10) which detailed for the consideration and approval of the Committee the assurance framework and suggested process for undertaking and reporting on the review. Mr. Dyson introduced the paper and Mr. Clark confirmed that the assurance framework and suggested process formed part of the Annual Governance process.

**RESOLVED:** to

- (a) approve the existing process for reviewing the effectiveness of the System of Internal Audit, with the addition of incorporating the conclusions arising from the Audit Commissions triennial review of Internal Audit, or instruct officers on changes required to the process for 2009/10;
- (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.

**8/10 AUDIT COMMITTEE DRAFT WORK PROGRAMME 2010/11**

(Agenda No. 11)

The Committee's terms of reference in the Constitution required the Committee to agree a Programme of Work annually in advance.

The Committee considered a draft Work Programme for 2010/11 (AU11).

**RESOLVED:** to

- (a) adopt the draft Work Programme as amended in the addenda, subject to the addition of a possible item arising from CIPFA guidance that Audit Committees ' should have clear reporting lines and rights of access to....for example scrutiny committees'; and
- (b) note:
  - that the Audit Working Group would meet following the conclusion of the Committee on 3 March 2010 (its last meeting having been cancelled); and
  - the proposed dates for the Audit Working Group in 2010/11 as shown in the addenda as follows:

8 April 2010
3 June 2010
8 September 2010
4 November 2010
06 January 2011
17 February 2011

**9/10 DATE OF MEETING**

(Agenda No. 12)

The Chairman informed members that he had agreed to bring forward the 29 September 2010 meeting to 22 September 2010 in order to allow time for work towards the publication of the Accounts by 30 September 2010.

**RESOLVED:** to note the change of date.

..... in the Chair

Date of signing .....