

## AUDIT COMMITTEE

**MINUTES** of the meeting held on Wednesday, 17 November 2010 commencing at 11.00 am and finishing at 1.40 pm

**Present:**

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

Councillor Alan Armitage  
Councillor Roy Darke  
Councillor A.M. Lovatt  
Councillor Charles Mathew  
Councillor Larry Sanders  
Councillor C.H. Shouler  
Councillor Lawrie Stratford  
Councillor Melinda Tilley (in place of Councillor Ray Jelf)

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

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

**Officers:**

Whole of meeting I. Dyson & S. Scane, Assistant Chief Executive & Chief Finance Officer; P. G. Clark, County Solicitor & Monitoring Officer; G. K. Malcolm, Committee Services

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
6	B. Dimmock-Smith (Performance & Review)
7	T. Chapple (Treasury & Pension Fund Investments)
9	S. Egerton (Principal Auditor)
10	G. Shaw (ICT)

*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.*

### 37/09 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apology for Absence	Substitute
Councillor Ray Jelf	Councillor Melinda Tilley
Dr. Geoff Jones	-

**38/09 MINUTES**

(Agenda No. 3)

Minute 29/10 - Final Statement of Accounts 2009/10

Mr. Dyson confirmed that all matters raised in the Audit Commission's Report had been addressed.

The Minutes were approved and signed subject at Minute 29/10 'Final Statement of Accounts 2009/10' to the deletion in paragraphs (a) 2 and (b) 2 of references to Ms Fetigan and the substitution of 'Ms Grindley'.

**39/09 ANNUAL AUDIT LETTER 2009/10**

(Agenda No. 5)

The Committee considered the Audit Commission's Annual Audit Letter (Oxfordshire County Council Audit 2009/10) (AU5) which summarised the findings of the 2009/10 audit. The Audit comprised two elements: the audit of the Council's financial statements and the Commission's assessment of the arrangements to achieve value for money in use of resources.

Ms. Grindley introduced the Letter and drew members' attention in particular to future challenges including risk management and the introduction of IFRS (International Financial Reporting Standards). She then responded to questions and comments including on page 4 clarification that the inclusion of the words 'significant weaknesses' in the heading 'Significant weaknesses in internal control' was standard Audit Commission Letter heading wording for all Councils' Audit Letters; gave some background at paragraph 25 to the calculations of the Council's net pension liability against fund assets and the Council's net worth; and noted officers' / members' suggestion that paragraph 23 be updated to reflect this Council's present understanding of the impact of the Spending Review.

The Chief Finance Officer circulated a 'Response to the Annual Audit Letter Recommendation' (a copy of which is attached to the signed Minutes) but confirmed that the Council's Management Team had already been undertaking these actions.

The Chairman thanked Ms Grindley and colleagues for their work and report.

**RESOLVED:** to note the report.

**40/09 RISK MANAGEMENT ANNUAL REPORT**

(Agenda No. 6)

The Committee considered the Risk Management Annual Report (AU6) which summarised progress in this area since September 2009. Ms Dimmock-Smith introduced the report, drawing attention to the two key areas highlighted at paragraph 2 and the specific identified improvements. Overall, considerable improvements had been made in the year and further development would continue in the year ahead. Ms. Scane confirmed that the Cabinet received regular reports on strategic risks.

Members noted that the Audit Working Group's Work Programme included at the 6 January 2011 meeting the Risk Management Progress Report, which would highlight significant risks with details and context.

**RESOLVED:** to note the report.

**41/09 TREASURY MANAGEMENT MID TERM REVIEW 2010/11**

(Agenda No. 7)

The Committee considered the report (AU7) (which had been considered by the Cabinet on 16 November 2010) which set out the Treasury Management activity undertaken in the first half of the financial year in compliance with the CIPFA Code of Practice. Mr. Chapple introduced the report and drew attention to key points including the Debt and Investment activity, update on Prudential Indicators, changes in Strategy, any Breaches of approved Strategy and forecast of interest receivable and payable in the financial year.

Councillor Jim Couchman, Cabinet Member for Finance & Property informed the Committee that the Cabinet on 16 November 2010 had noted the report and recommended the Council to note the Council's Mid Term Treasury Management Review 2010/11. He thanked the Treasury & Pension Fund Investments team, and Mr Chapple in particular for their cautious and diligent work and updates to Cabinet and members.

**RESOLVED:** to note the report and the Cabinet decision.

**42/09 REPORT OF THE AUDIT WORKING GROUP - 4 NOVEMBER 2010**

(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:

AWG4 Draft Report – ICT Overspend

AWG5 Update on Fairer Charging Performance

AWG6 Risk Management Progress Report

AWG7 Draft Revised Annual Governance Framework

AWG8 Annual Governance Statement 2009/10 Action Plan Progress

AWG9 Internal Audit Progress Report

AWG10 Work Plan (The Committee noted the addition of two topics for the 6 January 2011 AWG: Financial Management in Schools update (in the light of a recent Government announcement), and the performance of SAP in Schools.)

**RESOLVED:** to note the report.

**43/09 REVISED CORPORATE GOVERNANCE ASSURANCE FRAMEWORK**

(Agenda No. 9)

Further to the Audit Committee on 22 September 2010 a review of the corporate governance assurance framework had been undertaken by the County Solicitor and Corporate Governance Assurance Group. The Committee considered a report (AU9)

which reminded members of the rationale for revising the framework, and included at Annex 1 the revised framework which was submitted for comment and approval.

Mr. Clark outlined the background to the proposals in the light of the significant changes which were under way including the Council's business strategy and Service reorganisation. The Committee noted that the matter had been previously been considered by the Audit Working Group on 4 November 2010.

During discussion minor changes to the revised framework were suggested, as follows:

Paragraph 6.6: references to the former 'Corporate Governance Scrutiny Committee' to be deleted and substituted by 'Strategy & Partnerships Scrutiny Committee'.

Paragraph 3.6.5 - FMSiS - add a footnote 'subject to review'.

Diagram at Annex 1 – to indicate that arrows show information flows.

Paragraph 1.3 – amend first word to 'In'.

**RESOLVED:** to approve the revised Corporate Governance Assurance framework subject to minor textual corrections, updates and clarifications.

#### **44/09 ICT OVERSPEND 2009/10**

(Agenda No. 10)

On 21 April 2010 the Committee asked the Audit Working Group (AWG) to investigate an overspend in the County's ICT function in 2009/10.

The Committee considered a report by Dr. Geoff Jones, Chairman, AWG on behalf of the Group (AU10). The Group had carried out a comprehensive examination and the report set out details of its work, outlined the Council's ICT function, looked at costs, funding & governance, the 2009/10 budget and context, the 2009/10 outturn, the reasons for the overspend, accountability & management action in 2009/10 and the 2010/11 prospects. The report set out the Group's conclusions / recommendations.

Following debate and in noting the report the Committee **RESOLVED:**

- (a) that a copy of the report (AU10) be sent to all county councillors;
- (b) (on a motion by Councillor Shouler seconded by Councillor Stratford and carried) to refer the report to the Cabinet together with an update by the Acting Head of ICT of how the matters raised in the report have been addressed; and
- (c) at the suggestion of Councillor Melinda Tilley, Chairman of the Strategy & Partnerships Scrutiny Committee, that the report be considered by that Committee on 18 November 2010 as part of item 8 'Corporate ICT Strategy', prior to Cabinet consideration of this matter on 21 December 2010.
- (d) to thank Dr. Jones for his work and the comprehensive report.

**45/09 WORK PROGRAMME 2011**  
(Agenda No. 11)

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

Councillor Larry Sanders suggested 'Continuing Care between the NHS and the Council' as a possible future topic. The Committee considered that this would be a matter for scrutiny rather than the Committee.

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

..... in the Chair

Date of signing .....