

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 17 April 2013 commencing at 2.00 pm and finishing at 4.58 pm

**Present:**

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

Councillor Charles Mathew (Deputy Chairman)  
Councillor Roz Smith  
Councillor Jim Couchman  
Councillor Roy Darke  
Councillor Larry Sanders  
Councillor Lawrie Stratford  
Dr Geoff Jones

**By Invitation:** Maria Grindley and Mary Fetigan, Ernst & Young

**Officers:**

Whole of meeting L. Baxter, Deputy Chief Finance Officer; P. Clark, Monitoring Officer and Head of Law & Culture; I. Dyson, Chief Internal Auditor; S. Whitehead, Chief Executive's Office

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
10	Claire Phillips, Eire Hale (Research & Major Programmes Unit)
11	Sean Collins, Oxfordshire Customer Services

*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.*

### **12/13 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

Apologies were submitted on behalf of Councillors Ray Jelf and Caroline Newton.

### **13/13 MINUTES**

(Agenda No. 3)

The Minutes of the meeting held on 16 January 2013 were approved and signed.

On Minute 9/13 Peter Clark informed the Committee that the Department for Communities and Local Government had confirmed the view taken at the last meeting that no dispensation was needed with regard to the setting of the Council budget.

#### **14/13 EXEMPT ITEM**

Councillor Wilmshurst proposed and following some discussion during which Councillor Roz Smith and Councillor Larry Sanders expressed the view that the bulk of the report could be in the public arena, it was:

**RESOLVED:** (by 5 votes for to 1 against with 1 abstention) that the public be excluded for the duration of item 5 in the Agenda since it is likely that if they were present during that item there would be disclosure of exempt information as defined in part 1 of Schedule 12A of the Local Government Act 1972(as amended) and specified in relation to the agenda item in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in exemption outweighs the public interest in disclosing the information.

#### **PUBLIC SUMMARY OF PROCEEDINGS FOLLOWING THE WITHDRAWAL OF THE PRESS AND PUBLIC**

#### **15/13 REPORT OF THE AUDIT WORKING GROUP - AWG3 THE FUTURE OF ADULT SOCIAL CARE IN OXFORDSHIRE**

(Agenda No. 5)

*The information contained in the report and annex is exempt in that it falls within the following prescribed category:*

*3 – information relating to the financial or business affairs of any particular person (including the authority holding that information)*

*It is considered that in this case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would distort the proper process of the transaction and the Council's standing generally in relation to such transactions in future, to the detriment of the Council's ability properly to discharge its fiduciary and other duties as a public authority.*

The Audit and Governance Committee had before them the report of the Audit Working Group meeting on 4 April 2013. relating to the Item AWG3 "The Future of Adult Social Care"

Following detailed discussion of the matters raised by the report it was:

#### **RESOLVED:**

- (a) to task the Audit Working Group with reviewing the detailed improvement plan at the meeting on 20 June 2013;
- (b) for this Committee to receive regular updates on progress with the implementation plan;

- (c) to task the Audit Working Group with receiving regular briefings on the design of new systems and procedures arising from the implementation of the improvement plan.

## **PRESS AND PUBLIC READMITTED TO THE MEETING**

### **16/13 AUDIT WORKING GROUP REPORT**

(Agenda No. 6)

The Committee considered a report (AG6) which summarised the main business items arising at the most recent meetings of the Audit Working Group on 14 February and 4 April 2013, which were as follows:

Procure to Pay Project  
Review of AWG Terms of Reference  
Internal Audit Progress Report  
AGS Actions  
Whistleblowing Incidents 2012/13

The Audit & Governance Committee noted that the AWG Work Plan would need to be amended to reflect the decision at Minute 15/13. Ian Dyson advised that on the CEF Contract Management Audit the dates had changed in line with the delivery of the project and this had been notified to the CIA in accordance to procedures and he apologised that this had been erroneously reported.

During discussion of the AWG Terms of Reference it was confirmed that the Audit & Governance Committee had the authority to agree them and that there was nothing to prevent a further review and changes being made once the Committee was reappointed.

**RESOLVED:** to note the reports and approve the Audit Working Group terms of reference.

### **17/13 ERNST & YOUNG EXTERNAL AUDITORS**

(Agenda No. 7)

The Audit & Governance Committee considered the following reports

- Oxfordshire County Council Audit Plan Year End 2013 (**AG7(a)**)
- Oxfordshire County Council Pension Fund Audit Plan Year End 2013 (**AG7(b)**)
- Oxfordshire County Council and Oxfordshire County Council Pension Fund Audit Progress Reports (**AG7(c)**);
- Ernst and Young Letter to Those Charged with Governance (**AG7(d)**).

Maria Grindley, Ernst & Young explained the context of the reports. Mary Fetigan referred to the risk diagram on page 43 of the agenda and highlighted academies as a significant risk that The County Council was aware of and working on. Other areas of risk identified included: changes to business rates and misstatement due to fraud and error. She added that the misstatement due to fraud and error was in all plans as a duty on them as auditors but she was not aware of any key issues at the moment. Going forward they would make more use of IT and analytic tools.

During consideration of the report Audit & Governance Committee noted that the key issue around academies was for the accuracy of accounts. The Committee.

**RESOLVED:** to note the reports and that the Chairman would respond to the letter at (d).

### **18/13 INTERNAL AUDIT SERVICES - INTERNAL AUDIT STRATEGY & ANNUAL PLAN 2013/14**

(Agenda No. 8)

The Audit & Governance Committee had before them a report setting out the Internal Audit Strategy, including the resources available and how the service will be delivered in 2013/14. The Committee noted that work plans would be prepared on a quarterly basis and the work plan for Quarter 1 was attached as an Appendix to the report.

Ian Dyson introduced the contents of the report drawing attention to the assurance mapping exercise to ensure the Committee was getting an assurance for all key services within the County Council, initially focussing on CEF. Work would continue with contract audit and with the Commercial Services Board. Fraud remained a key priority. Ian Dyson responded to queries from members on individual work streams and use of resources.

**RESOLVED:** to approve the Internal Audit Strategy and the Quarter 1 Work Plan.

### **19/13 REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

(Agenda No. 9)

The Audit & Governance Committee received a commentary on the performance of the Internal Audit system throughout 2012/13, that would be used as a source of evidence when compiling the Annual Governance Statement.

Peter Clark introduced the contents of the report highlighting that there had been a 100% return. The conclusion from the responses was that the Internal Audit service was seen as independent but willing to listen. Ian Dyson added that he was pleased with the report and felt that the comments were fair.

During discussion the following points were made:

(1) A member sympathised with the comment on page 108 of the report relating to the use of terms such as 'adequate' that had a plain English meaning that differed to its use for audit purposes.

(2) Ian Dyson responding to a comment that it was difficult to sort the priority for actions replied that it was something that could be looked at. There was an exit meeting process following a review and it was accepted that on materiality it was possible for there to be differences. Officers were given every opportunity to disagree with the priorities but as the Chief Internal Auditor he was the final arbitrator.

(3) In response to a query the Committee was advised that there were other indicators in addition to those named at paragraph 19.

(4) It was the service manager's responsibility to take recommendations forward.

**RESOLVED:** to approve the Monitoring Officer's assessment of the effectiveness of the system of Internal Audit 2012/13.

## **20/13 RISK MANAGEMENT FRAMEWORK**

(Agenda No. 10)

The Audit & Governance Committee had before them a report that set out a proposal for a Risk Management Framework to be adopted across Oxfordshire County Council.

Claire Phillips introduced the contents of the report and explained that a key recommendation of the Zurich review had been to separate the policy from the guidance and this had been done in the refreshed Framework. The Framework was not substantially different but was simpler and more engaging. The Directorate Guides were aimed at getting away from a document led process.

During discussion the Committee considered how they would want to understand how the risk management process was being applied in each Directorate. They were advised that there would be regular reports to the Audit Working Group on the toolkits and guides by Directorate and this would enable the Committee to highlight variances and issues.

**RESOLVED:** to agree the draft Risk Management Framework for use across Oxfordshire County Council, subject to any significant changes made during the remainder of the process being reported back to the Committee.

## **21/13 PROCURE TO PAY PROJECT - UPDATE**

(Agenda No. 11)

Noted update. Briefing note to be circulated to Committee Members and to include project dashboard. Any questions arising from the note to be sent to Ian Dyson who will circulate response. Item to be included on June Audit Working Group agenda in June 2013 with a further progress report to this Committee in November 2013.

## **22/13 AUDIT COMMITTEE - DRAFT WORK PROGRAMME 2013/14**

(Agenda No. 12)

The Committee considered its Work Programme (AG12).

**RESOLVED:** to adopt the Work Programme subject to the following additions:

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14 May – Committee to consider appointing Audit Working Group and Appeals and Tribunals Sub-Committee.

3 July – County Solicitor and Monitoring Officer to produce a report for consideration at this Committee and Performance Scrutiny Committee looking at possible options for the way in which the two Committees can complement one another’s work.

20 November – Procure to Pay Project Update

..... in the Chair

Date of signing 200