

AUDIT COMMITTEE

MINUTES of the meeting held on Wednesday, 22 September 2010 commencing at 11.00 am and finishing at 2.30 pm

Present:

Voting Members: Councillor David Wilmshurst – in the Chair
Councillor Ray Jelf (Deputy Chairman)
Councillor Alan Armitage
Councillor Roy Darke
Councillor A.M. Lovatt
Councillor Charles Mathew
Councillor Larry Sanders
Councillor C.H. Shouler
Councillor Melinda Tilley (in place of Councillor Lawrie Stratford)

Non-voting Co-optees: Dr Geoff Jones

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

By Invitation: Maria Grindley (Audit Commission)

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

Part of meeting

Agenda Item	Officer Attending
5	P. Gerrish (Customer Services); S. Skivington (Shared Services); N. Shovell (Finance & Procurement)
6	T. Chapple (Corporate Finance); N. Shovell (Finance & Procurement)
7	J. Stone (Shared Services); K. Wilcox (Corporate Finance)
9	S. Kearey (Social & Community 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.

26/10 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apology for Absence	Substitute
Councillor Lawrie Stratford	Councillor Melinda Tilley

27/10 DECLARATIONS OF INTEREST

(Agenda No. 2)

Item 5 (b): Dr G. Jones declared a personal interest as a member of a local government pension fund.

28/10 MINUTES

(Agenda No. 3)

The Minutes of the meeting held on 30 June 2010 (AU3) were approved and signed.

29/10 FINAL STATEMENT OF ACCOUNTS 2009/10

(Agenda No. 5)

(a) Annual Governance Report 2009/10 (Oxfordshire County Council)

The Annual Governance Report (OCC) (AU(5)(a)) met requirements for the external auditors to communicate to those charged with governance audit matters of governance interest that arose from the audit of the financial statements. It summarised the key issues identified during the audit of the County Council's financial statements for the year ended 31 March 2010.

Ms Fetigan introduced the Audit Commission's Report, drew members' attention to the key messages which were summarised in the paper and responded to questions and comments. She also reminded members that the Audit Opinion Plan (OCC) 2009/10 had been circulated previously (a copy of which is attached to the signed Minutes).

The Committee considered the matters raised in the Report and the financial statements, the adjustments to the financial statements, the Letter of Representation, the response to the proposed Action Plan (a copy of which was circulated and is attached to the signed Minutes) and the Audit Opinion Plan 2009/10. The Committee suggested to the Audit Commission that it would be helpful if they could clarify the meaning on page 14 of the Report, Risk 1, Finding 1 lines 2/3 of the words 'to a large extent'.

(b) Annual Governance Report 2009/10 (Oxfordshire County Council Pension Fund)

The Annual Governance Report (OCC Pension Fund) (AU(5)(b)) met the requirements for the external auditors to communicate to those charged with

governance audit matters of governance interest that arose from the audit of the Local Government Pension Fund Accounts.

Ms Fetigan introduced the Audit Commission's Report, drew members' attention to the key messages which were summarised in the paper and responded to questions and comments. The outstanding work at paragraph 11 had been completed and the Report would be updated accordingly. She also reminded members that the Audit Opinion Plan for the Oxfordshire Pension Fund 2009/10 had been circulated previously (a copy of which is attached to the signed Minutes).

The Committee then went on to consider the matters raised in the Report and the financial statements, the adjustments to the financial statements, the Letter of Representation, the response to the proposed Action Plan and the Audit Opinion Plan 2009/10.

RESOLVED: to accept the reports (AU(5(a) and (b)) to those charged with governance and note the comments from the Audit Commission.

(c) Statement of Accounts 2009/10 Audit Adjustments

and

(d) Letter of Representation to the Auditors

The Annual Governance Reports by the Audit Commission provided a summary of the changes required to the accounts identified during the course of their audit.

The Committee considered a report (AU5(c)) which provided further information on the changes made to the accounts and the Letter of Representation to the Auditors (AU5(d)) which complied with auditing standards which required the Audit Commission to obtain representations from management on certain matters material to their opinion.

RESOLVED: to note any changes required by the external auditors to the Final Statement of Accounts 2009/10 and agree the Letter of Representation to the Auditors.

The Audit Commission

At Members' request Ms Grindley then gave a brief update following the statement on 13 August 2010 by Mr Eric Pickles, Secretary of State for Communities & Local Government concerning the Government's intention to abolish the Audit Commission. Details were awaited but draft legislation was expected in November 2010. In the meantime and until any new arrangements were in place the Audit Commission would continue its work.

30/10 TREASURY MANAGEMENT OUTTURN 2009/10

(Agenda No. 6)

The report (AU7) fulfilled the CIPFA Code of Practice on Treasury Management 2001 (and subsequent updates) requirement for the receipt of an annual report summarising the Treasury Management activity within 6 months of year-end to Full Council and to the Committee responsible for scrutiny of Treasury Management Activity.

The Committee considered the report which set out the Council's Treasury Management Outturn financial position for the 2009/10 financial year. Mr. Chapple introduced the paper and highlighted the key points, in particular the new loans arranged during 2009/10 as shown at paragraph 18 and Annex 3 of the report. Ms Scane confirmed that future timetabling would aim for the Outturn to be considered by the Committee prior to Council.

RESOLVED: to receive and note the report.

31/10 FINANCIAL MANAGEMENT ACTION PLAN (FMAP)

(Agenda No. 7)

- (a) In considering an update on the Financial Management Action Plan (FMAP) on 21 April 2010 the Committee asked for a report to this meeting focusing on the use of SAP for budget monitoring, reporting and forecasting. This request was in response to issues identified in the action plan regarding the user-friendliness of SAP.

The Committee considered a report (AU7) which looked at how SAP was being used to support effective reporting and decision making.

Ms Stone introduced the paper and drew members' attention in particular to the key matters. She responded to questions and comments including managers' role in the delivery of accurate financial reporting, the importance of training and the continuing activities to improve the effectiveness of SAP in supporting budget monitoring, forecasting and reporting.

RESOLVED: to note the actions being taken to ensure that, despite the absence of system investment, SAP was used effectively for budget monitoring, reporting and forecasting.

- (b) In accordance with its Work Programme the Committee considered the future of FMAP reporting.

RESOLVED: to consider the next update on FMAP in October 2011 or, at the discretion of the Chief Finance Officer, in six months time.

32/10 LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL REVIEW OF OXFORDSHIRE COUNTY COUNCIL

(Agenda No. 8)

The Council had received the Local Government Ombudsman's Annual Review of Oxfordshire County Council for the year ended 31 March 2010. This document provided a summary of the complaints made against the Council and commented on the council's performance and complaints handling arrangements.

The Committee considered a report (AU8) which summarised the Review findings. The County Solicitor & Monitoring Officer updated the data in the report (details of which are attached to the signed Minutes).

RESOLVED: to note the report on the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2009/10.

33/10 REPORT OF THE AUDIT WORKING GROUP - 8 SEPTEMBER 2010

(Agenda No. 9)

The Committee considered a report (AU9) on the following specific matters which had been considered by the Audit Working Group (AWG) on 8 September 2010:

AWG 4 Update on Fairer Charging Performance

(Note: AWG4 line 4 was amended by the deletion of the words after 'which'.)

AWG 5 Draft Report - ICT Overspend

AWG 6 Discussion Paper – Review of the Governance Framework

AWG 7 Internal Audit Progress Report

AWG 8 Risk Management Progress Report

AWG 9 Presentation by Director for Children, Young People & Families

AWG10 Work Plan

RESOLVED:

(a) to note the report;

(b) in relation to AWG6 – review of the Governance Framework – to agree to the Corporate Governance Assurance Group reviewing and refreshing the existing Annual Governance Assurance Framework, reporting back to the November Committee in the light of service / management / inspection changes.

34/10 ORGANISATIONAL CHANGE

(Agenda No. 10)

The Assistant Chief Executive & Chief Finance Officer updated the Committee on the available information regarding the Council's Business Strategy and organisational change as reported to Cabinet on 21 September 2010 as part of the Service & Resource Planning Report for 2011/12-2015/16.

RESOLVED: to note the report and ask for a further update on 19 January 2011.

35/10 BRIBERY ACT 2010 - UPDATE

(Agenda No. 11)

The Committee considered a report (AU11) concerning the Bribery Bill which had received Royal Assent on 8 April 2010 and would come into force in April 2011. The Solicitor to the Council & Monitoring Officer informed members that the Act would make significant changes to the law on bribery, bringing in a comprehensive scheme of bribery offences. It had a very broad reach and would have implications for public sector organisations, including local authorities. There were implications for the Council's corporate governance in several respects, including its codes of conduct (for members and officers), its procurement practices and its anti-fraud and corruption policies.

RESOLVED: to

- a) note the summary of the Bribery Act's offences;
- b) note the implications of the Act on local authorities; and
- c) agree that the relevant Council policies be reviewed to include the implications of the Act, with due consideration to the forthcoming Secretary of State guidance.

36/10 WORK PROGRAMME 2010/11

(Agenda No. 12)

The Committee updated and reviewed its Work Programme (AU12).

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

17 November 2010

amendment:

Treasury Management Governance – ~~annual~~ **mid term review** report (Tim Chapple); and

addition:

Corporate Governance Framework (Peter Clark).

19 January 2011

additions:

Treasury Management Strategy (Tim Chapple); and
Business Strategy – update (Sue Scane).

October 2011

addition: Financial Management Action Plan (FMAP) – update.

..... in the Chair

Date of signing