

Minutes

of a meeting of the



Audit and Corporate Governance Committee

held AT 6.00PM on 5 December 2007

AT COUNCIL OFFICES, CROWMARSH GIFFORD

Present:

Mr P Greene (Chairman)

Ms F Aska, Ms J Bland, Mrs J Carr, Mr P Cross, Mrs M Davies, Mr M Harris, Mr P Harrison, Mr C Hood, Mr R Peasgood, Ms A Purse, Mr D Turner (as substitute for Mr D Bretherton)

Apologies:

Mr D Bretherton tendered an apology

Officers:

Mrs K Fiander, Mr W Jacobs, Mr H Oliver, Miss A Penn, Mr M Prosser

Also present:

Mr I R Mann, Cabinet member; Ms A Ockleston, Audit Manager, Audit Commission; Mr G Hodges and Mr P Brown, Capita

19. Minutes 26 September 2007

RESOLVED: to approve the minutes of the meeting dated 26 September 2007 and agree that the Chairman sign them.

20. Annual governance report – final

Ms A Ockleston, Audit Commission, presented the Annual Governance Report which set out a summary of the work carried out by the Audit Commission during their 2006/07 audit of accounts, the conclusions reached

and the recommendations made to discharge their statutory responsibilities to those charged with governance.

Mr W Jacobs, Head of Finance, responded to comments and questions as follows:

- In relation to recommendation one in the report and the comment that the accounts contained material errors, this was attributable to different interpretations of the Statement of Recognised Practice (SORP) by South Oxfordshire District Council and the Audit Commission. The matter in question related to a compensation payment, which had been dealt with in the current financial year, but which auditors interpreted as needing allocation to a previous year. The payment was always to be funded from balances regardless of the year in which the payment was made and the approach finally taken was that suggested by auditors. Consequently, the reserve figure would be no different.
- In relation to recommendation two in the report and the need for staffing resources to manage and review financial statements, the cost of the work was reflected in the Audit Commission's audit fee. At the fourth attempt staffing resources had been appointed with a new Chief Accountant now in post.

The Committee noted the report.

21. Financial management systems issues

The Committee considered the report of the Strategic Director, the Head of Finance and Capita which identified key controls within Agresso, the financial management information system (FMIS) and reported where officers believed controls were adequate, operating effectively and working practices were in accordance with approved procedures and contractual responsibilities. The report also set out where controls were inadequate and the measures taken to bring effective controls back into place.

Mr G Hodges and Mr P Brown, Capita, responded to comments and questions as follows:

- Agresso was in use in other authorities so learning had taken place from their experiences. However, this implementation was different in that installation was for two authorities from two different starting points so in this instance there was no-one to learn from.
- Controls were not built into the system at the design stage and could not be built in until the action plan was complete. Where necessary, controls were undertaken manually.
- The system contained a set of standard reports but authorities tended to tailor reports for their own requirements. Standard reports still needed to be built into the system. Nevertheless, there were no concerns about reporting for the purposes of VAT returns.

- The new project manager had experience of accounting knowledge within an IT context. Previously the system had been installed from an IT perspective.
- Actions for November as per the action plan had been completed and those for December required signing off. In terms of the rest of the actions, there was confidence in completing them.
- All the actions within the action plan were expected to be in place by 31 March 2008.
- A further update on the appendix to the report would be presented to the Committee in March 2008.

The Committee noted the report.

22. Internal audit management report quarter 3

The Committee considered the report of the Audit Manager which set out management issues, summarised the progress of internal audit against the 2007/08 audit plan and summarised the priorities and planned audit work for 2007/08 quarter four.

The Committee congratulated the Audit Manager for the efforts made to get the work back on schedule.

Miss A Penn, Audit Manager, responded to comments and questions as follows:

- Recruitment to the vacant post had taken place promptly given the timescales required for the various stages to recruit when a person leaves a post. Knowing the difficulties with recruitment in this field, the advertising period was extended to three weeks. The Christmas break and the successful applicant's notice period were also part of the recruitment period.
- Sandwith Ltd could provide specialist resources and were part of the audit plan. Their input was useful as they could share knowledge and practice and would be able to provide resources to quarter four so there was confidence in achieving the audit plan.
- 16.5 per cent of lost days related to annual leave, sickness and study days.
- The harmonisation work had brought together two audit departments with different processes and different systems. All those systems had been merged. There was now a consistent audit approach at both sites with the Audit Manager working with managers to outline the processes.

The Committee noted the report.

23. Internal audit activity report

The Committee considered the report of the Audit Manager that summarised the outcomes of recent internal audit activity.

Miss A Penn, Audit Manager, and Mr H Oliver, Senior Auditor, responded to comments and questions as follows:

- The Committee could gain assurances through audited officers' agreement to all recommendations within an audit report. As all officers had agreed to the recommendations within the reports, they had not been asked to attend this meeting. If officers did not agree to recommendations or auditors felt that the assurance rating warranted the Committee seeking further assurances, then officers would be asked to attend.

Officers' travel and subsistence audit

- The management response to the audit had requested flexibility in signing off claim forms to allow for a senior person, other than a strategic director, to sign off the claim.

Building control audit

- Whilst there was no known violence against officers, a lone worker procedure, capable of working in practice, was required for building control staff carrying out site visits on their way home from work.
- In relation to the objective to "provide a competitive building control service, which is within the top quartile score *Quality Performance Matrix*", the Building Control Manager would be advised that any benchmarking should involve top quartile authorities.

The Committee noted the report.

24. Internal audit Charter

The Committee considered the report of the Audit Manager that presented the internal audit charter which set out the purpose of the internal audit function, where the internal audit function derived its authority from, its rights of access and the responsibilities of the function.

Miss A Penn, Audit Manager, responded to comments and questions as follows:

- Should the Vale of White Horse District Council suggest any changes to the charter, this would be fed back to the Committee.
- Non-assurance work was included in the annual audit plan and could involve work on systems, project work, facilitating workshops on governance and risk and support to the Section 151 Officer.
- The charter was based on best practice and consultation with professional bodies and other authorities.

The Committee approved the internal audit charter without requiring any amendments.

25. Delivering good governance in local government

The Committee considered the report of the Head of Legal and Democratic Services which presented the Code of Corporate Governance Assurance Statement which gave the Committee assurances that the Council took action to ensure good governance. The second part of the report gave an overview of *future* governance arrangements following publication of the framework Delivering Good Governance in Local Government.

Responding to comments and questions, Mr W Jacobs, Head of Finance, advised that performance against target for reference SP3074 in the spreadsheet would be back on track with the appointment of the new chief accountant.

The Committee agreed that a workshop on governance would be useful, coinciding with the proposed audit training.

The Committee noted the report.

The meeting closed at 6.50pm.

Chairman Date