

# Minutes



Listening Learning Leading

OF A MEETING OF THE

## **Audit and Corporate Governance Committee**

HELD AT 6.00PM ON 22 MARCH 2011

AT COUNCIL OFFICES, CROWMARSH GIFFORD

### **Present:**

Mr P Greene (Chairman)

Mrs F Aska, Mr P Cross, Ms E Hodgkin, Mrs S Cooper (as substitute for Ms A Purse)

### **Apologies:**

Mr P Harrison and Ms A Purse tendered apologies.

### **Officers:**

Ms K Arnold, Ms S Bayley, Mr S Bishop, Mr A Down, Mr S Hewings, Mr P Howden, Mr W Jacobs, Mrs A Partridge, Mrs N Thomas, Mrs J Thompson, Mr C Webb

### **Also present:**

Mr I R Mann, Cabinet member for finance

Mrs A Ockleston, Audit Manager, Audit Commission

Mr D Keen, Capita Benefits Manager, Capita

### **29. Minutes, 14 December 2010**

**RESOLVED:** to approve the minutes of the meeting held on 14 December 2010, and the confidential minute of that date, as a correct record and to agree that the Chairman sign them.

*With the agreement of the committee, the Chairman altered the order of the agenda to take item 11 first.*

### **30. Treasury management strategy**

The committee considered the report of the Head of Finance setting out the council's treasury management strategy as approved by Council on 24 February 2011.

Mr R Mann, Cabinet member for finance, Mr W Jacobs, Head of Finance, Mr S Hewings, Chief Accountant, and Mrs N Thomas, Principal Technical Accountant, reported that:

- Council could alter the strategy as required during the year.
- The strategy now allowed investment in groups of bonds provided these were AAA rated, allowing a spread of risk and better returns.
- Senior officers and the Cabinet member had an overview of the strategy and spent a small proportion of time on it unless there were major changes required. The technical manager and her staff spent time on research and review of the financial markets to ensure that funds were invested as effectively as possible. Internal audit staff provided a regulatory oversight.
- Training in council finances would be offered to councillors after the elections in May.

The committee noted the report and the strategy.

### **31. Payroll service level agreement**

Mr W Jacobs, Head of Finance, reported that since December 2010 the council had decided to outsource the payroll service and so officers had stopped reviewing the current service.

### **32. Ridgeway Shared Services: recovery of overpayments**

The committee considered Minute 14 of the Ridgeway Shared Services Partnership Board meeting on 7 February.

Mr R Mann, Cabinet member, Mr P Howden, Client manager, and Mr D Keen, Capita, answered questions from the committee regarding the oversight, management and collection of overpayments.

The committee concluded that the Ridgeway Shared Services Partnership Board provided sufficient oversight and management of overpayment recovery and that sufficient recovery work was being undertaken.

### **33. Internal audit activity report quarter 4 2010/2011**

The committee considered the report of the Audit Manager that summarised the outcomes of recent internal audit activity for the committee to consider. The committee was asked to review the report and the main issues arising, and seek assurance that action had been or would be taken where necessary.

Mrs A Partridge, Audit Manager introduced the limited assurance reports.

#### **LEISURE CENTRES**

Ms K Arnold, Shared Leisure Manager, and Mr C Webb, shared Facilities Development (Leisure) Officer, explained that the audit had been completed during a

period of change for the leisure contract and the staff. All CRB checks were now complete, and staff who were not yet checked were allowed to work provided they were accompanied. Monthly monitoring was in place for each site and health and safety checks and actions were regularly undertaken. All recommended actions in the report were being undertaken.

The committee requested a follow-up report according to the usual timetable.

## **HEALTH AND SAFETY**

Mr A Down, Head of HR, IT and Customer Services, explained that most of the recommendations would be implemented in due course.

## **GENERAL LEDGER**

Mrs S Bayley, Auditor, and Mr S Hewings, Chief Accountant, explained that Finance had not agreed to complete a number of outstanding actions for which there was now no resource and which were not critical or had been adequately replaced by something else. For instance the finance guidance manual could not be updated with the current staff levels, but sufficient information was available to enable staff to work effectively.

The committee noted the report and the management response to the recommendations.

## **34. Internal audit management report quarter 4 2010/11**

The committee considered the report of the Audit Manager that set out management issues, summarised the progress of the internal audit team against the 2010/11 audit plan up to 16 March 2011 and summarised the priorities and planned audit work for the remainder of quarter 4 2010/11.

Mrs A Partridge, Audit Manager, summarised the key points of her report and commented that three priority 3 audits may still be in progress at year end.

The committee noted the report.

## **35. Internal audit annual plan 2011/12**

The committee considered the report of the Audit Manager that set out the internal audit plan for 2011/12.

The committee approved the audit plan as set out in the report.

## **36. Certification of claims and returns - annual report**

The committee considered the Audit Commission report. Mrs A Ockleston, District Auditor, explained how the claims and returns were assessed and the certificate and penalty issued. She explained that the audit fee relating to 2009/10 was a result of the Department for Works and Pensions requesting additional auditing of the 2009/10 claim.

Mr R Mann, Cabinet member, Mr P Howden, Client manager, and Mr D Keen, Capita, explained that the penalty would be recovered from Capita. Capita was working hard to ensure that the benefit processing error rate was below the threshold this year and that there would be no penalty for the next claim.

Mr Howden circulated a graph showing improvements in accuracy in 2010/11 and Mr Keen explained the process for checking and correcting claims and training assessors to reduce error rates. Local authority errors, the costs of which the authority had to bear, were a large part of the overall error rate.

Councillors commented that the number of errors may be relatively small, but the impact on each individual of seemingly random changes to their benefit and confusing letters was very serious.

### **37. 2010/11 opinion audit - changes you can expect to see**

The committee considered the Audit Commission report. Mrs A Ockleston, District Auditor, explained that the changes were required by the International Financial Reporting Standards.

### **38. International Financial Reporting Standards**

The committee considered the report of the Head of Finance that provided an update on the implications of the introduction of the International Financial Reporting Standards (IFRS).

Mr S Hewings, Chief Accountant, reported:

- Following changes to the process for adopting accounts, the S151 officer will sign accounts on 30 June and the committee would receive but not authorise these in July. The committee would receive the final accounts in September.
- The number of changes under the new standards increases the risk of a qualified audit simply because of difficulties in meeting all the requirements, although neither officers nor the District Auditor expected there to be any significant issues.
- The Agresso accounting model would be in place but may be used in parallel to existing systems this year.

As Mr Greene was standing down at the election in May, the committee and officers took the opportunity to thank Mr Greene for his chairmanship of the committee since June 2007.

The meeting closed at 7:45pm.

Chairman

Date