

Minutes



Listening Learning Leading

OF A MEETING OF THE

Audit and Corporate Governance Committee

HELD AT 5.30PM ON 13 JULY 2011

AT COUNCIL OFFICES, CROWMARSH GIFFORD

Present:

Mr P Cross (Vice-Chairman in the chair)

Mr R Bell (as a substitute for Mr D Bretherton), Mr J Cotton (as a substitute for Mr M Welply), Mrs A Midwinter (as a substitute for Mrs C Collett), Mrs M Davies, Mr P Harrison¹, Mr C Quinton

Apologies:

Mr D Bretherton, Mrs C Collett, Ms K Crabbe and Mr M Welply tendered apologies.

Officers:

Ms S Bayley, Mr S Bishop, Mr A Down, Mrs K Fiander, Mr S Hewings, Mr P Holland, Mr W Jacobs, Mr S Khan, Mr N Parmar, Mrs A Partridge

Also present:

Mr D Dodds, Cabinet member for finance
Ms M Grindley, Audit Commission
Mr A Prickett, Audit Commission

The committee extended its wishes to Mr Welply for a speedy recovery.

1. Election of Chairman for the 2011/12 municipal year

Mr M Welply was elected as Chairman of the committee for the 2011/12 municipal year.

2. Election of Vice-Chairman for the 2011/12 municipal year

Mr P Cross was elected as Vice-Chairman of the committee for the 2011/12 municipal year.

¹ Mr P Harrison left the meeting after agenda item 2 as he had not received his papers for the meeting.
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3. Minutes, 22 March 2011

RESOLVED: to approve the minutes of the meeting held on 22 March 2011 as a correct record and to agree that the Chairman sign them.

4. Annual audit fee 2011/12

The committee considered the contents of the letter from the Audit Commission and the report of the Strategic Director that set out the estimated external audit fee for the 2011/12 financial year. The report sought the committee's approval of an extension of up to two years for the Engagement Lead, Maria Grindley, who is the person with responsibility for signing off the audit opinion on the council's statement of accounts.

In response to a question, Ms M Grindley, Audit Commission, confirmed that the extension of the Engagement Lead related to her statutory position. Owing to the changes within the council continuity was recommended. If legislation changed enabling a change in external auditor then the council would not be held bound to Ms Grindley.

RESOLVED: to

1. note the estimated external audit fee for the 2011/12 financial year and the contents of the letter from the Audit Commission appended to the report of the Strategic Director to the Audit and Corporate Governance Committee on 13 July 2011;
2. approve an extension of up to two years for the Engagement Lead, being satisfied that there is no risk to auditor independence.

5. Internal Audit annual report 2010/2011

The committee considered the report of the Audit Manager on the work of Internal Audit in the year ended 31 March 2011, and advised the committee of the Audit Manager's opinion on the overall adequacy and effectiveness of the internal control environment.

Mrs Davies expressed her concern at the resources available and she asked that officers ensure that resources were available to the team to carry out its programme.

The committee noted the report.

6. Internal audit activity report 2011/2012 quarter 1

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 reviewed the report and the main issues arising; seeking assurance that action had been or would be taken where necessary. The committee commented on the following.

PEST CONTROL

The committee discussed the expired contract and the decision by Vale of White Horse District Council to discontinue a pest control service. Whilst committee members wanted assurance that a contract was in place, officers confirmed that a procurement exercise would take place in accordance with the contract procedure rules once the council made a decision about the future of the pest control service. The committee asked for an update on the procurement exercise at the next meeting and asked internal audit to carry out a follow-up review.

The committee noted the remainder of the report.

7. Internal audit management report 2011/12 quarter 1

The committee considered the report of the Audit Manager that reported on management issues, summarised the progress of the internal audit team against the 2011/12 audit plan up to 30 June 2011 and summarised the priorities and planned audit work for the remainder of quarter 2.

The committee noted the report.

8. Annual Governance Statement

The committee considered the Annual Governance Statement (AGS) that included the review of the effectiveness of the system of internal control and risk management as required by the Accounts and Audit Regulations (2003) as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.

The committee asked for an amendment at page 10-19 so that the fourth bullet point after the first paragraph read “to *scrutinise* and approve (but not direct) internal audit’s strategy, plan and monitor performance”.

In response to a question, Mr S Bishop, Strategic Director, confirmed that Capita had reimbursed the council for the loss of subsidy as a result of the errors in benefit payments. In collaboration with the council Capita had managed its staff to reduce error rates. He was as yet unsure of the outcome of the 2010/11 claim but had more confidence than in previous years.

The committee noted the AGS.

9. Statement of accounts 2011

The committee considered the statement of accounts 2010/11, authorised for audit by the Mr S Bishop, Chief Finance Officer, on 30 June 2011. The committee would be asked to approve the final audited accounts in September 2011.

Mr W Jacobs, Head of Finance, explained that the committee’s role was not to scrutinise expenditure but to be satisfied with the process of putting together the accounts.

In terms of pension liability, there had been a change of county-appointed actuary. Mr Jacobs explained that this was the first year that the actuary had undertaken a full evaluation. The liability showed a decrease of £11 million, which in part related to better stock market performance over the period and would have been higher had the council not placed money into the pension fund. One reason for having placed

extra money in the pension fund was because Oxfordshire County Council could obtain a better return.

In considering the treasury management function, Mr Jacobs stated that the council could engage a fund manager but with the council's advisors, officers were well briefed and achieved good returns within the parameters set by the committee and Council.

Officers were asked to:

- add a note relating to the *developers' contributions* referred to in the second table on page 11-20 of the report with an explanation of what happened to the money;
- reword the sentence *introducing "lean" business process re-engineering to streamline processes* to make it clearer;
- note that reference was often made to 55,000 dwellings in the district as set out on page 11-85 of the report, which showed the *band D equivalent*. Officers were asked to ensure that contracts for services were based on the correct number.

The committee noted the statement of accounts.

10. Committee's work programme 2011/12

The committee noted its work programme 2011/12.

The meeting closed at 6.35pm.

Chairman

Date