

Minutes

OF A MEETING OF THE



Listening Learning Leading

Audit and Corporate Governance Committee

HELD AT 6.00 PM ON THURSDAY 26 SEPTEMBER 2013

COUNCIL CHAMBER, COUNCIL OFFICES, CROWMARSH GIFFORD

Present:

Mr Michael Welply (Chairman)

Mr Philip Cross, Mr David Bretherton, Mr John Cotton, Ms Kristina Crabbe, Mrs Margaret Davies and Mr Paul Harrison

Apologies:

Mr Neville F Harris tendered apologies.

Officers:

Mr Steve Bishop, Mr Robert Draper, Mrs Kathy Fiander, Mr William Jacobs, Mr Steve Bishop and Mr Simon Hewings, Mr William Jacobs, Mr Sheeraz Khan, Mr Craig Pullen

Also present:

Mr D Dodds

Mrs A Ockleston and Mr A Swain, Ernst & Young

9 Declaration of disclosable pecuniary interest

None.

10 Minutes of the previous meeting

RESOLVED: to approve the minutes of the meeting held on 9 July 2013 as a correct record and to agree that the Chairman sign them as such.

11 Review of complaints received during 2012/13

The committee considered the report of the Chief Executive that provided information and statistics about complaints received during 2012/13. Mr D Buckle, Chief

Executive, stated that this was a good news report because the number of complaints had reduced from 120 to 50 in 2012/13 with complaints reducing across all services apart from the waste service, which had increased from ten to 15. The Ombudsman determined ten cases during the year: all found in the council's favour.

In reply to a comment about the response times of the Planning service, Mr Buckle advised that he was addressing the matter, which particularly related to stage 2 complaints and would now involve a different director considering such complaints.

The committee noted that the revised procedure implemented in 2012 was working well and noted the report.

12 Treasury management outturn report

The committee considered the report of the Head of Finance that asked the committee to scrutinise the report to ensure that treasury activities were carried out in accordance with the treasury management strategy and policy.

Mr S Hewings, Accountancy Manager (Revenue), advised that whilst investment performance was above the industry average for 2012/13, income was anticipated to reduce from 2013 until such time that the market rates rose.

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

- Losses arising from investments in Icelandic banks were written off in the year they were incurred and gains were now added back to the accounts.
- £5,000,000 had been invested in a local authority property fund and further investments would be considered if opportunities arose.
- The principal amount of £12,280,000 shown on investment with Santander was a snapshot on one day and not representative of the amount invested over the year and officers were satisfied that Santander UK was a suitable counterparty having taken advice about 12 months previously.
- Several years ago the council chose to make up part of the pension fund shortfall by way of a lump sum investment. This was done because it was felt that, over time, returns generated by the fund would out-perform the council's own investments returns. It is not possible to withdraw these investments.

The committee agreed that it was satisfied that the treasury activities were carried out in accordance with the treasury management strategy and policy and made no comments and recommendations to Cabinet.

13 Ernst & Young: audit results report 2012/13

Mrs A Ockleston, Audit Manager, advised the audit results report was very positive and there was nothing of significance to draw to the committee's attention. She advised that the additional audit fee work was not relevant in this year but would be relevant next year. In addition, she stated that Maria Grindley would give an unqualified opinion on the accounts.

The committee extended their thanks and best wishes to Mrs Ockleston on her impending retirement.

The committee noted the report.

14 Letter to those charged with governance

The committee noted that the chairman and the section 151 officer had signed a 'letter to those charged with governance', that being to the external auditor, as part of the process in completing the statement of accounts. Copies of the letter were available for committee members.

15 Letter of representation

The committee noted that the chairman and the section 151 officer had signed a 'letter of representation' to the external auditor, as part of the process in completing the statement of accounts. Copies of the letter were available for committee members.

16 Approval of final statement of accounts 2012/13

The committee considered the final statement of accounts, which had been the subject of a recent councillor briefing that afforded councillors the opportunity to seek clarification on them. Mr Simon Hewings, Accountancy Manager (Revenue), confirmed that the final statement of accounts included the required changes from the audit.

RESOLVED: to approve the final statement of accounts 2012/13.

17 Annual governance statement - final

The committee considered the final annual governance statement that explained how the council had complied with its local code of governance and met the requirements of regulation 4 of the Accounts and Audit Regulations 2011 in relation to an annual review of the effectiveness of the council's systems and the preparation and approval of an annual governance statement (AGS). The committee had considered the draft version of this document at its meeting on 9 July 2013.

Whilst not requiring any changes to the AGS the committee discussed training for councillors. In doing so reference was made to the perceived lack of training across a councillor's range of duties particularly as requirements for the role changed; the training and briefings provided; and the poor level of attendance by councillors. The committee asked senior officers to:

- review training provision for councillors;
- consider how training could be provided such as a programme that allowed identification of areas where knowledge was required;
- consider alternatives to face to face training and briefings, e.g. using podcasts;
- the manner in which training was delivered.

In response, Mr Steve Bishop, Strategic Director, stated that the action set out in the annual governance statement picked up on the point about councillor training and that there was an acceptance that more systematic training was required. In doing this there could be options for mandatory training and annual appraisals so any proposals could be more radical than that currently provided.

RESOLVED: to approve the final annual governance statement.

18 Internal audit management report

The committee considered the report of the Interim Audit Manager that reported on management issues within internal audit, summarised the progress against the 2013/2014 audit plan up to 5 September 2013 and summarised the priorities for quarter three 2013/2014.

Mr Craig Pullen, Interim Audit Manager, drew attention to paragraph 6 of the report, which confirmed that Henley Town Council had appointed Internal Audit as the town council's internal auditors, initially for one year with an option to extend this by a further three years. This would result in income of £750 and five days' work.

Mr Pullen reported that Sheeraz Khan, Auditor, had resigned and a contract auditor appointed on a temporary basis because a number of key audits were due during the coming quarter and an experienced person was required to carry out this work.

The "lost" days were higher than target owing to leave and sickness. However, nine audits had been completed and Mr Pullen was confident that the team would maintain progress.

Future activity reports to the committee would include *exception* reports where audits had been delayed. The brown bins audit had been deferred in favour of another more pressing audit.

The committee noted the report.

19 Internal audit activity report

The committee considered the report of the Interim 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.

Mr Craig Pullen, Interim Audit Manager, advised that the increase in systemic control weaknesses indicated in appendix 2 had arisen because several of the seven audits had been in new areas so the increase was not representative of the real picture. Follow-up audits should show fewer weaknesses. Mr Pullen advised that he would continue to produce his summary audit report as it had been found to be useful.

Licensing

Mr Sheeraz Khan, Auditor, and Mr Robert Draper, Licensing Team Leader, introduced the audit into the Licensing service that had resulted in a number of recommendations, in part owing to the need for new database, the reorganisation of responsibilities between Licensing and Environmental Health, the formation of a new Licensing team and an overhaul of the Licensing Policy to improve public safety that resulted in new controls.

In response to comments and questions, Mr Draper stated the following:

- New software had been promised by the council's principal database supplier, Ocella, but then not delivered. As a consequence the whole project had been delayed. The team was now evaluating new specific licensing packages but a new supplier had not yet been identified. The project plan would see the new software in place for April 2014.
- The fees listed on the website had been out of date owing to the reorganisation of service delivery functions between Licensing and Environmental Health and that Environmental Health now had a better understanding of the website. Mr Draper gave an assurance that fees that were within his service area were correct but he was unable to give such assurances on those that were driven by interfaces between Ocella and the website.

The committee asked Mr Draper to attend the next meeting of the committee to provide an update on the fees and the software.

The committee extended their gratitude to Mr Khan and wished him well in his new job.

The meeting closed at 6.55 pm

Chairman

Date