

# AUDIT AND GOVERNANCE COMMITTEE

Tuesday 26<sup>th</sup> January 2010

**COUNCILLORS PRESENT FOR THE WHOLE OF THE MEETING:** The Chair (Councillor Beverley Hazell), the Vice-Chair (Councillor Craig Simmons), Councillors Stephen Brown, Clark Brundin, Roy Darke, Bryan Keen and Oscar Van Nooijen.

Councillor Bob Price also attended for part of the meeting.

**OFFICERS PRESENT FOR THE WHOLE OF THE MEETING:** Mathew Metcalfe and Jeremy Thomas (Law and Governance) and Sarah Fogden (Finance), Maria Grindley (Audit Commission), Richard Bacon, Christopher Dickens and Katherine Bennett (Pricewaterhousecoopers)

**OFFICERS PRESENT FOR PART OF THE MEETING:** Helen Bishop, Jo Hargreaves and Carol Quainton (Finance)

## **56. APOLOGIES FOR ABSENCE**

Apologies were received from the Chief Executive (Peter Sloman).

## **57. DECLARATIONS OF INTEREST**

None declared.

## **58. NOTIFICATION OF URGENT BUSINESS**

None notified.

## **59. INTERNAL CONTROL TRAINING SESSION BY PRICEWATERHOUSECOOPERS (PWC)**

The Council's Internal Auditor's Pricewaterhousecoopers (PWC) gave a training session to the Audit and Governance Committee on internal control.

The training was presented by Richard Bacon, Christopher Dickens and Katherine Bennett from Pricewaterhousecoopers, and as part of the session a slide presentation was given (slides now appended).

## **60. ANNUAL AUDIT LETTER – AUDIT COMMISSION**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission, which provided a summary of the findings from the 2008/09 audit and included messages arising from this audit of the Council's financial statements and the results of work undertaken to assess the arrangements to secure value for money in the Council's use of resources.

Mr Feeney, a member of the public requested to address the Committee and was permitted by the chair to do so.

Maria Grindley from the Audit Commission introduced the report.

Councillor Simmons asked how serious an issue were the problems experienced with the closure of accounts. In response Maria Grindley said that the Annual Audit Letter had reflected the progress that the Council had made on its accounts. The issues with the accounts were not just a technical issue, and that it was fundamental that the Council should be in a position to produce a reasonable set of accounts with supporting papers. Action needed to be taken to achieve this and this action was now happening and the audit Commission would continue to monitor this along with the Audit and Governance Committee to ensure that it was receiving the assurances it required.

Councillor Hazell said that the process had been challenged by Members through the Audit Working Group.

Councillor Price felt that the Annual Audit Letter was balanced, however he highlighted that many of the issues that had been highlighted were in processes and documentation that Members did not see. Maria Grindley said that Members can't get to the operational levels, but can and should ask clear and basic questions of Officers to ensure that they, the Members received the assurances that they required.

Councillor Brown was glad to hear that there was an Action Plan, however he asked how the Audit Working Group would report to the Audit and Governance Committee. In response Councillor Hazell said that the Audit Working Group was an informal Group of Members and Officers and no formal notes were taken, however this could be rectified and a note prepared following each meeting of the Audit Working Group and a standing item placed on all future agenda of the Audit and Governance Committee.

Councillor Van Nooijen said it would have been helpful if Law and Governance had the resources to support the Audit working Group. In response Jeremy Thomas (Head of Law and Governance) cautioned the Committee against formalising the Working Group as the appropriate public forum was the Audit and Governance Committee.

The Committee agreed to note the report.

## **61. AUDIT COMMISSION – PROGRESS REPORT**

The Head of Finance submitted a report (previously circulated, now appended), on behalf of the Audit Commission, which set out the progress that the Audit Commission had made in delivering the work set out in the 2008/09 and 2009/10 audit plans.

Maria Grindley from the Audit Commission introduced the report and said that the 2008/09 Audit was complete and the 2009/10 Audit to commence shortly.

The Committee agreed to note the report.

## **62. PROGRESS ON USE OF RESOURCES SUBMISSION**

The Head of Finance, Sarah Fogden gave a verbal update and said that the Council was aiming towards achieving score's of "3" in all of the section. She said that there was an Internal Review Group which had been gathering the evidence required by the Audit Commission and a meeting was due to take place shortly with the chief Executive, Peter Sloman.

The Committee agreed to note the position.

## **63. INTERNAL AUDIT REVISED AUDIT PLAN 2009/10 AND INTERNAL AUDIT DRAFT PLAN 2010/11 – PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted two reports (previously circulated, now appended), on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC). These reports detailed the revised Internal Audit Plan for 2009/10 and the draft Internal Audit Plan for 2010/11.

Katherine Bennett from (PWC) introduced the report and said that the revised 2009/10 Audit Plan reflected the work which had been undertaken and highlighted on the heat-map which the Committee had received at its previous meeting.

Sarah Fogden with regard to the 2010/11 Audit Plan said that this had only recently been received by the Council and that it had yet to be seen by Senior Officers.

The Committee agreed:

- (a) With regard to the revised Internal Audit Plan 2009/10 to approve the revised 2009/10 Audit Plan.
- (b) With regard to the draft Internal Audit Plan for 2010/11 to note that this was a first draft and that a further update would be received.

## **64. INTERNAL AUDIT SUMMARY – PRICEWATERHOUSE COOPERS (PWC)**

The Head of Finance submitted a report (previously circulated, now appended), on behalf of Pricewaterhousecoopers (PWC), the Council's Internal Auditors, which detailed progress on the Internal Audit Plan.

The Committee agreed to note the report and the progress that had been made.

**65. PROCUREMENT – INTERNAL AUDIT FINAL REPORT –  
PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted a report (previously circulated, now appended), on behalf of the Council's Internal Auditor's, Pricewaterhousecoopers (PWC). The report provided a summary of the findings of the review recently undertaken of Procurement.

Katherine Bennett from PWC introduced the report following the audit of Procurement, which had been rated as "Moderate"

The Committee agreed:

- (a) To note the report;
- (b) To thank the staff of the Council's Procurement Team for their work.
- (c) To note that the "waiving of procurement procedures" would be included in the Creditor Payments Review to be undertaken by Pricewaterhousecoopers.

**66. COLLECTION FUND (COUNCIL TAX AND NATIONAL NON-DOMESTIC  
RATES) – INTERNAL AUDIT FINAL REPORT –  
PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted a report (previously circulated, now appended), on behalf of the Council's Internal Auditor's, Pricewaterhousecoopers (PWC). The report provided a summary of the findings of the review recently undertaken of the Collection Fund (Council Tax and National Non-Domestic Rates).

Katherine Bennett from PWC introduced the report and highlighted the "high risk" points.

Councillor Hazell expressed some concern that the timetable for actions to be completed stretched to March 2011. In response Helen Bishop said that a restructure had recently been carried out which brought the Revenues and Benefits Teams together and this had, had an impact. However since April 2009 the team have been expanded and this has allowed officers to concentrate on enforcement and recovery.

Christopher Dickens from PWC said that he was happy with the rationale around the timeline and that this would be continually monitored, so that all of the actions would be completed by March 2011.

Councillor Brundin said that the Committee should receive an update report on how the actions were progressing in the medium and high issues highlighted in the report.

The Committee agreed:

- (a) To note the report;
- (b) To ask the Head of Finance to submit an update report to the Audit and Governance Committee for its September 2010 meeting detailing the progress made on the actions regarding the medium and high issues.

**67. HOUSING BENEFITS – INTERNAL AUDIT FINAL REPORT – PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the council's Internal Auditor's, Pricewaterhousecoopers (PWC). The report provided a summary of the findings of a recent review of Housing Benefits.

Katherine Bennett from PWC introduced the report.

The Committee agreed:

- (a) To note and welcome the report and the High Assurance rating given to it;
- (b) To commend the Housing Benefit staff for their work.

**68. INTERNAL AUDIT CHARTER 2009/10 – PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's Internal Auditor's, Pricewaterhousecoopers (PWC). The report provided details of the Internal Audit Charter.

Christopher Dickens from PWC introduced the report.

The Committee agreed to note the report.

**69. RISK MANAGEMENT IMPROVEMENT PLAN**

The Head of Finance submitted a report (previously circulated, now appended) which updated the Committee on Risk Management developments which had been made or where being progressed.

Jo Hargreaves, Risk Manager, Oxford City Council, introduced the report.

The Committee agreed to note the report.

## **70. CLOSURE OF ACCOUNTS 2009/10**

The Head of Finance, Sarah Fogden gave a verbal update to the Committee and said that Officers were currently working on the interim closure. There were issues with Logotech, however the capital charges have been able to be run and figures have been reconciled to April 2009. She said that a trial run of the Annual Governance Statement also been run and that the Corporate Accounts Board monitored progress.

The Committee agreed to note the position.

## **71. VALUE AND PERFORMANCE SCRUTINY COMMITTEE – EQUALITY AND DIVERSITY**

The Value and Performance Scrutiny Committee at its meeting on 16<sup>th</sup> November 2009 considered a report from the Audit Commission which had previously been submitted to and considered by the Audit and Governance Committee at its meeting on 24<sup>th</sup> September 2009.

The Audit Commission's report detailed the findings of a review of the City Council's approach to equality and diversity and assessed the Council's current performance and made recommendations for improvements.

The Value and Performance Scrutiny Committee recommended the Audit and governance Committee to:

- (1) Monitor robustly progress against the audit recommendations and achievement of the target of reaching Level 5 by 2011;
- (2) That if it has any doubt at the end of the year (March 2010), or areas of concern, to prepare a report for Council, copied to the Value and Performance Scrutiny Committee.

The Committee agreed to note the recommendations of the Value and Performance Scrutiny Committee.

## **72. MINUTES**

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 24<sup>th</sup> November 2009 subject to Councillor Roy Darke being added to the Councillors who were present for the whole of the meeting.

## **73. MATTERS ARISING FROM THE MINUTES**

None were raised.

#### **74. DATES OF FUTURE MEETINGS**

The Committee noted that it would be meeting at 5.00pm on the following dates in the Town Hall:

Tuesday 23<sup>rd</sup> March 2010  
Tuesday 27<sup>th</sup> April 2010

#### **75. MATTERS EXEMPT FROM PUBLICATION**

The Committee agreed that, under Section 100A(4) of the Local Government Act 1972, the press and the public be excluded from the meeting for the remaining item of business on the grounds that their presence would involve the likely disclosure of information as described in paragraphs 2, 3 and 7 of Part I of Schedule 12A of the Act and to record that in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

#### **76. ALLEGATIONS OF INTERNAL FRAUD, INVESTIGATIONS AND OUTCOMES**

The Head of Finance submitted a report (previously circulated, now appended), which detailed recent investigations and outcomes of cases of alleged fraud involving Oxford City Council staff.

The Committee agreed to note the report and to request details of the National Fraud Initiative be submitted to a future meeting of the Audit and Governance Committee.

The meeting started at 5.00 pm and finished at 7.30 pm