

AUDIT AND GOVERNANCE COMMITTEE

Monday 6 February 2012

COUNCILLORS PRESENT: Councillors Hazell (Chair), Brundin (Vice-Chair), Darke, Mills, Morton, Lygo and Rowley.

OFFICERS PRESENT: Mathew Metcalfe (Democratic and Electoral Services), Jackie Yates (Corporate Director Finance and Efficiency), Nigel Kennedy (Head of Finance), Anna Winship (Financial Accounting Manager), Jeremy Thomas (Head of Law and Governance), Steve Sprason (Head of Corporate Assets) and Richard Hawkes (Corporate Asset Manager)

43. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies were received from Councillor Bryan Keen (Councillor Mike Rowley attended as a substitute) and Councillor Oscar Van Nooijen (Councillor Mark Lygo attended as a substitute).

44. DECLARATIONS OF INTEREST

None declared.

45. AUDIT COMMISSION PROGRESS REPORT

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission which detailed the progress made in delivering the work set out in the 2010/11 audit plan.

Alan Witty from the Audit Commission introduced the report and took the Committee through the key considerations which were outlined in the report.

The Committee agreed:

- (a) To note the report;
- (b) To request that a report be submitted to the next meeting of the Audit and Governance Committee providing details of the checklist for fraud prevention and the areas where improvements could be made.

46. CERTIFICATION OF CLAIMS AND RETURNS - ANNUAL REPORT - AUDIT COMMISSION

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission which set out its findings and recommendations for the work undertaken on certifying the grants claims returns.

Alan Witty from the Audit Commission introduced the report and said that the Housing Revenue Account (HRA) would not require certification in the future due to the imminent changes to the financing of housing.

The Committee agreed:

- (a) To note the report;
- (b) To thank Officers for their work on the HRA and Council Tax claims.

47. EXTERNAL AUDIT PLAN 2012/13 - AUDIT COMMISSION

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission which set out the work that it would be undertaking in 2011/12.

Maria Grindley from the Audit Commission introduced the report and took the Committee through the audit risks identified and the responses from the Council to these.

Councillor Brundin with regard to heritage assets said that when the list of assets was completed this would make the management of property assets much easier. Anna Winship added that the list would also contain valuations which would be passed to the Auditors shortly.

Nigel Kennedy with regard to the Housing Revenue Account (HRA) said that plans were in place to mitigate the risks identified with the changes to the HRA. Jackie Yates added that the Department for Communities and Local Government (DCLG) had confirmed that the Council would need to make a one off payment of £198m in March 2012 and that the Council did not intend to borrow more than this figure.

The Committee agreed to note the report.

48. JOINT WORKING PROTOCOL - INTERNAL AND EXTERNAL AUDIT - AUDIT COMMISSION

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission which set out how it and Internal Audit would be working together in 2011/12.

Alan Witty from the Audit Commission introduced the report.

The Committee agreed to note the report.

49. INTERNAL AUDIT SUMMARY REPORT - 2011/12 PLAN - PRICEWATERHOUSECOOPERS (PWC)

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

which provided an update of the work undertaken as part of the 2011/12 Audit Plan.

Katherine Bennett from Pricewaterhousecoopers (PWC) introduced the report and took the Committee through the outturn of the plan and confirmed that they were on target to complete all the work detailed in the plan.

The Committee agreed to note the report.

50. GENERAL LEDGER AUDIT - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) which detailed the 2011/12 report on controls around the Councils General Ledger system.

Katherine Bennett from Pricewaterhousecoopers (PWC) introduced the report and said that there were no significant areas of weakness and no high risk areas had been identified, and in response to questions confirmed that where there were target dates for November 2011 these had been met.

The Committee agreed to note the report.

51. CREDITORS AUDIT - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance has submitted a report (previously circulated, now appended) on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) which detailed the 2011/12 report on the controls around the purchases and payables.

Katherine Bennett from Pricewaterhousecoopers (PWC) introduced the report and said that there were some levels of non-compliance identified, but these were down to different systems being used.

Nigel Kennedy said that further guidance and training had been given to Officers and all of the suppliers had been written to requesting bank details for payments to be made through the BACS system, but also to ensure that the supplier understood that it should receive an order each time from the Council.

The Committee agreed to note the report.

52. COLLECTION FUND AUDIT - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) which outlines the roles and responsibilities of Internal Audit at the Council.

Katherine Bennett from Pricewaterhousecoopers (PWC) introduced the report and said that there had been improvement on previous years, but highlighted the risks on 'age debt' and the recovery of this debt.

Jackie Yates said that she had spoken with Officers concerning the production of a Corporate Debt Management Policy.

Councillor Morton asked if the Council was adjusting its policies to reflect the current economic climate. In response Jackie Yates said that people could apply for Council Tax Benefits and that the Council intended to maintain the current levels of benefit. She further added that they did try to estimate the levels of non-payment of Council Tax and to make provisions for this.

The Committee agreed to note the report.

53. TRADE WASTE AUDIT - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) which detailed the 2011/12 report on controls around the collection of Trade Waste by the city Council.

Katherine Bennett from Pricewaterhousecoopers (PWC) introduced the report and said that there had been improvements in the service and that no high risk issues had been identified.

Nigel Kennedy informed the Committee that approximately 200 trade waste customers now paid by direct debit which would improve the debt recovery in this area.

The Committee agreed to note the report.

54. INTERNAL AUDIT CHARTER - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) which outlined the roles and responsibilities of Internal Audit at the Council.

Katherine Bennett from Pricewaterhousecoopers (PWC) introduced the report and said that no changes to the Charter had been made.

The Committee agreed to note the report.

55. PROGRESS ON THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS

The Head of Finance submitted a report (previously circulated, now appended) which detailed the progress made on the implementation of recommendations from previous audits.

Steve Sprason, Head of Asset Management attended the meeting to provide further information on recommendation EA015 from the Asset Management Review. He said that since the recommendation had been made, progress had been made and that the nil entry was incorrect and that the risk was now at an

amber level rating. He said that progress had been made on the recording of expenditure against specific items.

Nigel Kennedy said that income and expenditure from investment property was separately costs coded to produce an overall position for the portfolio. Information on individual assets was held by Corporate Assets in Uniform

Alan Witty said that once the recommendation was completed the Audit Commission could then look at each investment property, but that the basic accounting information had to be correct.

Jackie Yates said that if the Council had an active approach to its investment portfolio it would need to know the detail. The Council did not currently actively look to increase/decrease its investment portfolio, but if it did this information would be needed for each asset.

Councillor Brundin felt that the Council should not move to a system where it looked at the assets on a day to day basis, but should periodically look at the portfolio to ensure that the Council was receiving the best return in the long term.

Councillor Hazell raised the concern that some properties could cost more to maintain than the Council received in income.

David Oakes, from City ICT attended the meeting to provide further information on recommendation IA172 following the Review of ICT. He said he was confident on the security of the network accounts. There was now a robust leavers policy where Payroll produced on a monthly basis a report which detailed the leavers so the County Council could delete those accounts. He added that a bi-monthly manual check was also made to ensure none of the leaver had been missed. This was important as the County Council made a charge per account to the City Council.

With regard to access, David Oakes said that the M Drive was going to be reviewed and a new area on a new facility was going to be created with each Service Area being moved over. He added that when each Service Area was moved, it would have to re-confirm the access privileges required as the existing ones would not be automatically carried over.

The Committee agreed to note the report and to thank Steve Sprason and David Oakes for attending the meeting and providing further updates.

56. RISK MANAGEMENT QUARTERLY REPORTING: QUARTERS 2 AND 3

The Head of Finance submitted a report (previously circulated, now appended) which provided confirmation that risk reporting for quarter 2 and quarter 3 of 2011 had been completed and provided a summary risk profile for Oxford City Council at a corporate and service level as at the end of quarter 3.

Nigel Kennedy, Head of Finance introduced the report and said that the Audit and Governance Committee would receive the Risk Strategy for comment before it was submitted to the City Executive Board.

Councillor Hazell said that more information would be useful on what the key risk were to the authority and these should be submitted to the Committee on a quarterly basis. Councillor Brundin added that this information was required as a matter of course.

The Committee agreed:

- (a) To note the report;
- (b) To request the Head of Finance to submit on a quarterly basis a report detailing the keys risks to the City Council.

57. MINUTES

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 28th November 2011.

58. DATES OF FUTURE MEETINGS

The Committee noted that its next meeting would be at 6.00pm on Monday 16th April 2012 at the Town Hall.

59. 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.

The meeting started at 6.00 pm and ended at 7.30 pm