

AUDIT AND GOVERNANCE COMMITTEE

Thursday 30 June 2011

COUNCILLORS PRESENT: Councillors Hazell (Chair), Brundin (Vice-Chair), Mills, Morton, Van Nooijen, Rowley and Sinclair.

OFFICERS PRESENT: Mathew Metcalfe (Democratic Services)

5. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies were received from Councillor Roy Darke (Councillor Mike Rowley attended as a substitute) and Councillor Bryan Keen (Councillor Dee Sinclair attended as a substitute).

Apologies were also received from Peter Sloman (Chief Executive) and Jeremy Thomas (Head of Law and Governance).

6. DECLARATIONS OF INTERESTS

Councillor Dee Sinclair declared a personal interest in agenda item 3 (Statement of accounts) as she had a flexible home loan through the Council (minute 9 refers).

7. AUDIT RECOMMENDATION TRACKER

The Head of Finance submitted a report (previously circulated, now appended) which detailed the progress on the implementation of internal and external audit recommendations.

Simon Howick, Head of People and Equalities following a request from a previous meeting of the Committee for an update on the work being undertaken on Equalities said that there needed to be more effective communication of what had been undertaken or was currently underway to give the required assurance with regard to equalities. He said that the strategy was to reach "Achieving Level" in September 2011 which would involve approximately two days of inspections and that following a dry-run of the inspection, had recently been carried out by officers.

Simon Howick highlighted further work completed or underway as follows:

- (1) Review of equality and diversity targets, reducing them to 10 that were service related;
- (2) Refreshing of the Corporate Equalities Scheme with better use of the Council's website for promotion;
- (3) Better internal communications – Diversity Matters newsletter being produced;

- (4) Workforce equalities report being submitted to the Corporate Management Team;
- (5) Staff had attended diversity training;
- (6) Oxford City Council is recognised as a Diversity Champion
- (7) Single Status Pay Review completed.

In response to further questions Simon Howick said that the gender pay gap was 1-2% in the City Council, which was extremely low compared to other organisation. He further added that a particular area of concern was to communicate better all the work which was being undertaken.

Councillor Van Nooijen felt that the information currently presented in excel spreadsheet formats could be presented in a better and more understandable way.

Jacqueline Yates in response to questions concerning the areas highlighted in red, said that all of the Service Heads had provided updates and that plans were in place to address those area still showing as red.

The Committee agreed:

- (a) To thank Simon Howick for his update;
- (b) To note the progress made so far on the implementation of audit recommendations;
- (c) To approve the recommendations listed at appendix B to the report.

8. ADDRESS BY MEMBER OF THE PUBLIC

The Chair agreed to allow Mr Feeney to address the Committee for up to 5 minutes.

Mr Feeney as part of his address raised the issue of Contingent Liabilities as part of the draft Statement of Accounts 2010/11. He informed the Committee that the first hearing of his claim would take place in the High Court on 27 July 2011 and it was his view that he had a high degree of success.

Mr Feeney then proceeded to read out questions which were directed to Councillors. In response Councillor Hazell informed Mr Feeney that while he could make a statement to the Committee he did not have the right to ask specific questions of specific Members of the Committee at the meeting.

Councillor Van Nooijen asked if there were any concerns about liabilities. In response Jacqueline Yates confirmed that that there were none.

9. STATEMENT OF ACCOUNTS 2010/11

The Head of Finance submitted a report (previously circulated, now appended) which presented the Council's Statement of Accounts for the year ending 31st March 2011.

Jacqueline Yates introduced the item and informed the Committee that these draft Accounts were still subject to formal audit. She highlighted that a great deal of work had been undertaken by Officers on these draft accounts despite a number of challenges experienced by the team which included a service restructure, the move to International Financial Reporting Standards (IFRS) and key officers leaving the Council.

Jacqueline Yates further informed the Committee that the table which related to the Collection Fund Adjustment Account, circulated with the draft Statement of Accounts was incorrect, and circulated a correct version. She added that this amendment would not affect the bottom line in the General Fund balance. She further advised that there was an issue in respect of Historic Costs which the Auditors were aware of which officers were working to resolve prior to the Auditors coming to the Council on 11th July 2011 to conduct the audit. She again assured the Committee that this would not impact the bottom line.

Nigel Kennedy reiterated the significant effort that had gone into the production of the final accounts this year, with the first time adoption of IFRS and in particular the efforts of Anna Winship, the Councils Financial Accounting Manager who had led on the Statement production.

Nigel Kennedy introduced the Foreward to the draft Statement of Accounts and explained that the Foreward now stood along side the accounts rather than being part of them, as had previously been the case. He added that this was also the case with the Annual Governance Statement.

The Committee agreed:

- (a) To note the draft Statement of Accounts and the correction to the Collection Fund Adjustment Account;
- (b) To thank all of the Officers for their work during a challenging period in producing the draft Statement of Accounts.

10. 2010/11 ANNUAL GOVERNANCE STATEMENT

The Head of Law and Governance submitted a report (previously circulated, now appended) which presented the 2010/11 Annual Governance Statement.

Lindsay Cane, Law and Governance introduced the report.

Councillor Van Nooijen said that the performance information, which Members now received, was not as clear as it had previously been and said it would be appreciated if the information could be presented in the same style as before. He further said that a monthly report would also be useful. In response Jacqueline Yates said that integrated performance reports were about to be rolled out and that training would be provided to Members shortly on how to access the information.

Councillor Morton asked questions concerning the historic costs of assets and how the problem had arisen. In response Jacqueline Yates said that the problem had been identified as a consequence of a revaluation of assets at 1 April 2011.

Councillor Brundin asked for clarification of Prince2 Light. In response Jacqueline Yates said that Prince2 was a way of managing projects which provided good governance. She said rather than adopt all of Prince 2, which could be very onerous, Officers had taken the more useful parts and used these.

The Committee agreed to approve the 2010/11 Annual Governance Statement.

11. AUDIT COMMISSION PROGRESS REPORT

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

Maria Grindly, (Audit Commission), introduced the report and informed the Committee that since the report had been submitted to be printed with the agenda, the IFRS work had now been completed and was in the process of being reviewed.

Councillor Van Nooijen asked if Members should be concerned at the delays in completing the IFRS work. In response Nigel Kennedy acknowledged that there had been some problems in re-stating the accounts, but this had been resolved. Jacqueline Yates further added that this was during the time of the service area restructure, however a great deal of work gone into reviewing and managing the process of the closing down the accounts.

The Committee agreed to note the report.

12. AUDIT COMMISSION - INTERIM MEMO

The Head of Finance submitted a report on behalf of the Audit Commission (previously circulated, now appended) which set out the findings from the interim audit in preparation for work on the 2010/11 financial statements for the Council.

Maria Grindly, (Audit Commission), introduced the report.

The Committee agreed:

- (a) To note the report;
- (b) To request that officers be aware of how revisions to the accounts affected the auditors and that should information not be available when the Auditors come to the Council that this is communicated to them as soon as possible.

13. AUDIT COMMISSION - 2011/12 FEE LETTER

The Head of Finance submitted a report on behalf of the Audit Commission (previously circulated, now appended) which confirmed the audit work that is proposed to be undertaken for the 2011/12 financial year at the City Council and the fee for this work.

The Committee agreed to note the 2011/12 Audit Commission Fee and that Maria Grindly would continue to be the Auditor assigned to the City Council for a further two years.

**14. INTERNAL AUDIT ANNUAL REPORT 2010/11 -
PRICEWATERHOUSECOOPERS (PWC)**

The Head of Finance submitted a report on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) (previously circulated, now appended) which provided a commentary of internal audit activity for the 2010/11 year.

Richard Bacon, (PWC) introduced the report.

Councillor Hazell expressed concern at the time delay between the conclusion of the fieldwork and the final report being presented to the Committee.

The Committee agreed to note the report.

**15. INTERNAL AUDIT SUMMARY REPORT - 2011/12 PLAN -
PRICEWATERHOSUECOOPERS (PWC)**

The Head of Finance submitted a report on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) (previously circulated, now appended) which provided an update of the work undertaken as part of the 2011/12 audit plan.

Katherine Bennett, (PWC) introduced the report and briefly took the Committee through its findings.

The Committee agreed to note the report.

16. DATA LOSS PREVENTION - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) (previously circulated, now appended) which detailed the outcomes of a recent audit undertaken into data loss prevention.

Katherine Bennett, (PWC) introduced the report and took the Committee through the findings and said that she was happy with the responses from the Management with regard to the recommendations.

The Committee agreed to note the report.

17. DEBTORS - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report on behalf Council's Internal Auditors, Pricewaterhousecoopers (PWC) (previously circulated, now appended) which detailed the outcomes of a recent audit undertaken into debtors.

Katherine Bennett, (PWC) introduced the report.

The Committee agreed:

- (a) To note the report;
- (b) To request further updates on the progress of implementing the recommendations from the audit.

18. PARIS/ITRENT CONTROLS - PRICEWATERHOUSECOOPERS (PWC)

The Head of Finance submitted a report on behalf of the Council's Internal Auditors, Pricewaterhousecoopers (PWC) (previously circulated now appended) which detailed the findings of a recent audit undertaken of IT and process controls for Parish and Payroll Systems.

Katherine Bennett, (PWC), introduced the report.

The Committee agreed to note the report.

19. AVOIDING BRIBERY, FRAUD AND CORRUPTION POLICY

The Head of Finance submitted a report (previously circulated, now appended) which sought the adoption of an Avoiding Bribery, Fraud and Corruption Policy in place of an existing Avoiding fraud and Corruption Policy.

Carol Quinton, (Finance), introduced the report and said that the Bribery Act would come into force on 1st July 2011 and this was the new part to the revised policy.

The Committee agreed to endorse the Avoiding Bribery, Fraud and Corruption Policy.

20. INVESTIGATION TEAM, FINANCE, PERFORMANCE 2010/11

The Head of Finance submitted a report (previously circulated, now appended) which detailed the performance of the Investigation Team for the period 2010/11.

Carol Quinton, (Finance), introduced the report.

The Committee agreed to note the report and the performance of the Investigation Team for the period 2010/11.

21. MINUTES

The Committee agreed to approve:

- (a) The minutes (previously circulated) of the meeting held on 28 March 2011
- (b) The minutes of the special meeting (previously circulated) held on 1 June 2011

22. DATES OF FUTURE MEETINGS

The Committee agreed to note that the Committee would meet at 6.00pm in the Town Hall on the following dates.

Thursday 29th September 2011

Monday 28th November 2011

Monday 6th February 2012

Monday 16th April 2012

23. MATTERS EXEMPT FROM PUBLICATION

None.

The meeting started at 6.00 pm and ended at 7.50 pm