

Public Document Pack

Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 23 September 2009 at 6.30 pm

Present: Councillor John Donaldson (Chairman)

Councillor Trevor Stevens (Vice-Chairman)
Councillor Ken Attack
Councillor Devena Rae
Councillor Lawrie Stratford
Councillor Rose Stratford

Also present: Maria Grindley, Appointed Auditor, Audit Commission
Nicola Jackson, Audit Manager, Audit Commission

Apologies for absence: Councillor Barry Wood

Officers: Mary Harpley, Chief Executive and Head of Paid Service
Julie Evans, Strategic Director Customer Service and Resources
Ian Davies, Strategic Director - Environment and Community
Chris Dickens, Chief Internal Auditor
Karen Curtin, Head of Finance
Pat Simpson, Head of Customer Service & Information Systems
Jessica Lacey, Technical Accountant
Natasha Clark, Trainee Democratic and Scrutiny Officer

12 **Declarations of Interest**

There were no declarations of interest.

13 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

14 **Urgent Business**

There was no urgent business.

15 **Minutes**

The minutes of the meeting held on 24 June 2009 were agreed as a correct record and signed by the Chairman.

16 **Statement of Accounts 2008/2009**

The Head of Finance submitted the Statement of Accounts 2008/2009, together with the letter of representation for the Committee's consideration.

The Head of Finance advised the Committee that the finance team had implemented a total of 4 adjustments to the Statement of Accounts "Subject to Audit" 2008/2009 that had been adopted by the Accounts, Audit and Risk Committee on 24 June 2009.

The Head of Finance reported that the Use of Resources judgement associated with the financial statements was included within the theme "managing finance" and had been given a score of 3 by the Audit Commission

The Head of Finance informed the Committee that the Audit Commission had sent a letter to those charged with governance (the Accounts, Audit and Risk Committee) requesting details of the arrangements in place to ensure compliance with International Auditing Standards. The Committee considered the response to the Audit Commission, which had been signed by the Chairman of the Accounts, Audit and Risk Committee and the Chief Financial Officer.

The Committee noted that continued improvement was being made in the closedown process and thanked all staff in the Closedown Team for their hard work in preparing the Statement of Accounts 2008/2009.

Resolved

- 1) That the adjustments to the financial statement made subsequent to the adoption of the draft accounts on June 24 2009 as detailed in paragraphs 5.1 of the report and appendix 1 (as set out in the minute book) be noted.
- 2) That the 3 minor changes requested by external audit detailed in appendix 1 and the audited Statement of Accounts 2008/09 in appendix 2 (as set out in the minute book) be noted.
- 3) That the continued improvement in the closedown process and Use of Resources score be noted.
- 4) That the contents and assurances given in response to the Audit Commission's letter regarding 'Compliance with International Auditing Standards – Enquiries of those charged with governance' be noted.

Note: Following the Committee's consideration of this item, and in accordance with the Accounts and Audit Regulations, the Statement of Accounts 2008/2009 was signed by the Chairman and Chief Financial Officer, the

Annual Governance Statement was signed by the Chief Executive (and would be signed by the Leader the following day).

17 **Annual Report and Summary of Accounts 2008/2009**

The Strategic Director Customer Service and Resources and the Head of Finance submitted the Annual Report and Summary of Accounts 2008/2009 for the Committee to consider.

The Strategic Director Customer Service and Resources distributed an updated version of the report which incorporated changes that had been made following consideration by the Executive on 7 September 2009.

The Committee noted that the report and summary provided an opportunity for the Council to present its achievements to local residents and businesses. Members also noted that the 2008/2009 report and summary also recognised achievements that had been delivered through successful partnership working.

The Committee thanked the finance team for their efforts in producing the Annual Report and Summary of Accounts 2008/2009.

Resolved

That the Annual Report and Summary of Accounts 2008/2009 be approved for publication.

18 **External Audit Annual Report**

Maria Grindley (Appointed Auditor, Audit Commission) presented the External Auditors Annual Governance Report to the Committee, which included comments on the audit of the 2008/2009 Statement of Accounts; Value for Money (VFM) judgement and a range of important broader issues covered in the first Use of Resources exercise under the new regional based corporate assessment process (Comprehensive Area Assessment).

The Appointed Auditor reported that Cherwell District Council had made excellent progress to the closedown process which had resulted in an exemplary set of accounts.

The Appointed Auditor advised the Committee that the Use of Resources Judgement forms part of the Councils overall organisational assessment under the new Comprehensive Area Assessment. Cherwell District Council had achieved a judgement score of 3 in each of the use of resources themes: Managing finances; Governing the business; and, Managing resources. The Council had also scored a judgement of 3 in all of the underlying key line of enquiries.

The Appointed Auditor commented that a judgement score of 3 was an excellent outcome for Cherwell. She advised the Committee that the Use of Resources assessment was a more challenging assessment that focused on

processes, outcomes and meeting priorities as well as the statement of accounts.

The Committee commented that they were very pleased to have achieved a judgement of 3 and thanked officers for all their hard work. Members noted that the biggest difference in the Use of Resources assessment was that it went beyond looking at accounting errors and also took into consideration the Council's strategies, implementation of these and outcomes, which were important to residents in the district. The Committee assured the external auditors that the Council would continue to look forward and continually seek to improve further.

Resolved

- 1) That the financial statements be approved and recommended to Council.
- 2) That the Value for Money Conclusion and Use of Resources score be noted.
- 3) That the letter or representation on behalf of the Council be approved.

19

Internal Audit Progress Report

The Committee considered a report of the Chief Internal Auditor which summarised the progress made against the internal audit plan for 2009/2010 for the period from June to September 2009. The Committee was advised that 30% of the plan had been completed and that the remainder would be completed by the end of the financial year. The Chief Internal Auditor advised the Committee that a more detailed IT audit plan had been produced following a recent risk assessment of IT.

The Chief Internal Auditor noted that the internal audit team were satisfied with the good effective working relationship they had developed with officers and the Accounts, Audit and Risk Committee.

Katherine Bennett (Audit Team Leader, PriceWaterhouseCoopers) reported that since the Accounts, Audit and Risk Committee meeting of 24 June 2009, three final reports had been issued, six reports were in draft format and fieldwork had commenced in one area.

Members of the Committee sought assurance that action was being taken to implement the recommendations of the internal audit team. Officers advised the Committee that future progress reports would include an update tracking progress on all internal audit recommendations.

The Chief Internal Auditor updated the Committee on the work of the Benefits Investigation Team. In response to questions from Members, officers advised the Committee that the council's success rate in recovering debt is comparatively high.

The Chief Executive updated the Committee on the interim management arrangements in place for the internal audit team within the Council's management structure. She advised Members that a report detailing the permanent arrangements would be presented to the Committee's October meeting.

Resolved

- 1) That the internal audit progress report be approved.
- 2) That a report outlining the permanent management arrangements for the internal audit team within the Council's management structure be submitted to the Committee's October meeting.

20 **Verbal Updates**

Member Training

The Chairman reported that a training session for members on Local Government Finance and Treasury Management would be held on 26 October 2009 following the Committee's meeting. The Committee agreed that their meeting would start at 6.00 pm on this date.

The Chairman advised the Committee that he and the Trainee Democratic and Scrutiny Officer would be attending a CIPFA Better Governance Forum training event on 'The Effective Audit Committee' on 30 September 2009.

21 **Exclusion of the Press and Public**

Resolved

That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it could involve the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Schedule 12A of that Act.

22 **Serious Incident Review Meeting**

The Committee considered a report of the Serious Incident Review Panel. Councillor Rae, Chairman of the Serious Incident Review Panel, presented the report which outlined the Panel's investigation and recommendations.

Resolved

- 1) That the Significant Control Weakness Review Procedure Note (as set out in the annex to these minutes) be approved.
- 2) That the recommendations of the Serious Incident Review Panel meeting (as set out in the exempt minute) be approved.

- 3) That the Head of Internal Audit be requested to bring a progress report to the Committee's January meeting.

23

Strategic Director Customer Service and Resources

The Chairman advised the Committee that this would be the Strategic Director Customer Service and Resources' last Accounts, Audit and Risk Committee meeting as she was be leaving Cherwell District Council to take up a new role as Director of Resources at Slough Borough Council in October 2009.

The Committee thanked the Strategic Director Customer Service and Resources for all her advice, support and guidance to the Committee and in all areas of finance. The Chief Executive also thanked the Strategic Director Customer Service and Resources and commented that much had been achieved under her leadership and direction.

The Committee and Officers wished the Strategic Director Customer Service and Resources all the best for her new role.

The meeting ended at 8.15 pm

Chairman:

Date:

Minute Item 22

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted