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## 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 19 March 2012 at 6.30 pm

Present: Councillor Tony Ilott (Chairman)  
Councillor Trevor Stevens (Vice-Chairman)

Councillor Andrew Beere  
Councillor Mike Kerford-Byrnes  
Councillor Lawrie Stratford  
Councillor Rose Stratford  
Councillor Barry Wood

Also Present: Councillor Ken Atack, Lead Member for Financial Management  
Councillor Nigel Morris, Lead Member for Change  
Maria Grindley, District Auditor, Audit Commission  
Nicola Jackson, Audit Manager, Audit Commission  
Richard Bacon, Internal Audit  
Katherine Bennett, Audit Team Lead, Internal Audit

Apologies for absence: Councillor Colin Clarke

Officers: Karen Curtin, Head of Finance and Procurement  
Claire Taylor, Corporate Performance Manager  
Karen Muir, Corporate System Accountant  
Edward Cooke, Interim Technical Accountant  
Natasha Clark, Team Leader, Democratic and Elections

#### 53 **Declarations of Interest**

There were no declarations of interest.

#### 54 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

#### 55 **Urgent Business**

There was no urgent business, however the Chairman reported that, following discussion with officers, agenda item 14: "Certification of Claims and Returns

2010/11 – Audit Commission – Verbal Update”, would be taken in public session rather than in private session as set out on the published agenda.

56 **Minutes**

The minutes of the meeting of the Committee held on 12 January 2012 were agreed as a correct record and signed by the Chairman.

57 **Review of Draft Accounting Policies 2011/12 and 2011/12 Closedown Update**

The Committee considered a report of the Head of Finance and Procurement which informed members of the draft 2011/12 accounting policies, allowed members to consider and endorse the accounting policies under which the annual Statement of Accounts would be produced together with the summary timetable for production.

The Head of Finance and Procurement advised the Committee that the 2011/12 closing of accounts would be led by the Corporate System Accountant (Karen Muir) and the Interim Technical Accountant (Ed Cooke), who was seconded from PriceWaterhouseCoopers and would take the technical lead.

In introducing the report, the Interim Technical Accountant reminded the Committee that 2010/11 had been a significant year as local authorities had been required to report their Annual Statement of Accounts under International Financial Reporting Standards (IFRS) for the first time. By comparison, the changes in 2011/12 were minor and officers remained on track to have a first draft of the statements by 25 May 2012. A robust scrutiny of the financial statements would take place at an informal meeting of the Committee on 20 June 2012.

**Resolved**

- (1) That the accounting policies be approved.
- (2) That authority be delegated to the Head of Finance and Procurement to make any further changes to the Accounting Policies in preparation for the forthcoming accounts closure for 2011-12
- (3) That the closedown timetable summary be noted.

58 **Risk Management Update**

The Committee considered a report of the Corporate Performance Manager which updated the Committee on the management of Strategic, Corporate and Partnership Risks during the third quarter of 2011/12 and highlighted any emerging issues for consideration.

In introducing the report, the Corporate Performance Manager advised the Committee that following the implementation of the Cherwell and South

Northamptonshire Council's Joint Management Team (JMT) in October 2011, the existing strategic, corporate and partnership risks on the Council's register had been allocated to the new team. A session on performance and risk management was held as part of the induction process, which was supported during the last quarter through a JMT risk workshop.

In response to Members' comments, the Corporate Performance Manager confirmed that she would advise the relevant JMT members of the Committee's view that the predicted drought and Police and Crime Commissioners were potential risks and request that they be considered and appraised to determine if they were potential risks.

### **Resolved**

- (1) That the quarter 3 Strategic, Corporate and Partnership Risk Register be noted.

## **59 Risk Management: A Risk Management Strategy for Cherwell District and South Northamptonshire Councils**

The Committee considered a report of the Corporate Performance Manager which sought agreement of the joint approach to risk management across the Cherwell and South Northamptonshire Joint Management Team (JMT) and set the risk strategy for Cherwell District Council.

### **Resolved**

- (1) That the proposed approach to risk management be noted.
- (2) That the risk strategy for Cherwell District Council 2012/13 be endorsed.

## **60 Internal Audit Progress Report**

The Committee considered a report of the Chief Internal Auditor which summarised the progress made against the internal audit plan 2011/12 for the period from March to June 2012. The Committee was advised that 89% of the plan had been completed and that the final reports would be finalised ahead of issuing the Internal Audit Annual Report to the June meeting of the Committee.

The Audit Team Leader advised the Committee that since their January meeting, six final reports had been issued and draft reports and/or fieldwork commenced in three areas.

Members noted that within the final report on "Creditors", a high risk issue had been noted relating to a high percentage of invoices received having no purchase order in place and requested officers to address this matter. The Head of Finance and Procurement assured the Committee that the Finance Team was working hard to ensure that purchase orders were raised and officers were reminded of the importance of following correct processes.

**Resolved**

- (1) That the Internal Audit Progress report be noted.

61 **Internal Audit Draft Plan 2012/13**

The Committee considered a report of the Chief Internal Auditor which provided the Committee with a draft version of the 2012/13 internal audit plan.

The Internal Audit Team advised the Committee that they were delighted to have been reappointed as the Internal Auditors for Cherwell District Council

In introducing the report the Audit Team Leader explained that the draft internal audit plan 2012/13 was based on the Internal Audit Strategic Plan 2012-15 and had been updated following consultation with members, officers and the Audit Commission. The final version of the plan would be submitted to the June meeting of the Committee.

**Resolved**

- (1) That the Internal Audit Draft Plan 2012/13 be approved.

62 **External Audit Progress Report**

The Committee considered a report of the Head of Finance and Procurement which provided a progress report on the work of external audit.

The Audit Manager updated the Committee on the outsourcing of the Audit Commission. Ernst and Young had won the bid for the south east region, which incorporated Cherwell District Council. KPMG had won the bid for the East Midlands regions, which incorporated South Northamptonshire Council. At the end of April, the Audit Commission would write to local authorities seeking their views on the proposals. The Committee was advised that the Audit Commission would oversee the transfer process and the District Auditor was liaising with Ernst and Young.

In introducing the external audit progress report, the Audit Manager reported that that The Audit Commission's interim systems audit had been completed. The audit had identified three control weaknesses with officers and an action plan had been developed to address these areas.

**Resolved**

- (1) That the contents of the External Audit progress report be noted.

63 **2012/13 Treasury Management Strategy and Update on Performance**

The Committee considered a report of the Head of Finance and Procurement which provided a review of the 2012/13 strategy that was approved by Council

on 27 February 2012 and outlined the differences from the current 2011/12 strategy, and gave an update on current performance.

The Head of Finance and Procurement reported that all current investments were compliant with the Treasury Management Strategy. The 2011/12 Annual Report on Treasury Management would be presented to the June meetings of the Committee and the Executive. The Committee was advised that following advice from the Council's Treasury Advisors, the Council would select financial institutions with a minimum long-term rating of A and short-term rating of F1/P-1/A-1.

The Head of Finance and Procurement updated Members on the Iceland funds. The Council had been awarded priority creditor status for its Icelandic investments with Glitnir and expected to receive £7.1m which was made up of the money invested plus interest. The windfall interest would be considered as part of the review of reserves.

### **Resolved**

- (1) That the contents of the report be noted.

#### 64 **Certification of Claims and Returns 2010/11 - Audit Commission - Verbal Update**

The Head of Finance and Procurement gave a verbal update on the Audit Commission certification of claims and returns 2010/11 which had been presented to the January meeting of the Committee. At that meeting the Committee had been advised that three areas within the claim were being examined in detail and further work on the extended testing that the Audit Commission had reported to the Department for Work and Pensions (DWP) in November 2011.

The Committee was advised that the additional testing was underway and regular discussions were taking place with the DWP. A full report would be submitted to the June meeting of the Committee.

#### 65 **Katherine Bennett**

The Chairman reported that this would be the last Audit Team Leader's last Accounts, Audit and Risk Committee meeting as she was leaving PriceWaterHouseCoopers to take up a new role as Head of Finance in a local authority. On behalf of Committee, the Chairman thanked the Audit Team Leader for her hard work and the advice she has given to Committee Members and wished her all the best for her new role.

The meeting ended at 7.55 pm

Chairman:

Date: