

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 26 October 2009 at 6.00 pm

Present: Councillor John Donaldson (Chairman)

Councillor Trevor Stevens (Vice-Chairman)

Councillor Ken Attack

Councillor Devena Rae

Councillor Lawrie Stratford

Councillor Rose Stratford

Councillor Barry Wood

Officers: Mike Carroll, Head of Improvement
Chris Dickens, Chief Internal Auditor
Phil O'Dell, Chief Finance Officer
Karen Curtin, Head of Finance
Andy Yeates, Internal Audit Team, PricewaterhouseCoopers
Natasha Clark, Trainee Democratic and Scrutiny Officer

24 **Declarations of Interest**

Members declared interest with regard to the following agenda item:

6. Management of Risk and Insurance

Councillor Ken Attack, Personal, as a member of the Executive who had previously considered the matter.

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

There were no petitions or requests to address the meeting.

26 **Urgent Business**

There was no urgent business.

27 **Minutes**

The minutes of the meeting held on 23 September 2009 were agreed as a correct record and signed by the Chairman.

Overview of Treasury Management Performance Quarter 2

The Committee considered a report of the Head of Finance detailing the actual return on investments for the period to September 2009, the counterparties that have been used for investments and considered compliance with the investment strategy.

The Head of Finance reminded Members that as part of the Council's Investment Strategy the Committee had responsibility for considering the investment performance to date and the Council's compliance with counterparties being used. They would be reported to the Committee on a quarterly basis. The Committee was advised that the performance for the first six months of the financial year was on a cumulative basis. It showed that performance was in line with expectations and within tolerances.

In response to Members' questions regarding the Council's investment in Iceland, the Head of Finance advised the Committee that the Council had submitted its claim in relation to its investments with the failed Icelandic Bank Glitner and that this was currently being reviewed by the legal firm Bevan Britten. She informed the Committee that the administration committee of Glitner Bank would meet in December 2009 to review all claims.

The Head of Finance reported that the Council's contract for treasury advice had expired and that Officers were currently preparing to re-tender to ensure that a new contract was in place for 1 April 2010. She informed the Committee that discussions were underway with neighbouring authorities on a joint procurement process and a further report would be submitted to the Committee's December meeting outlining the process.

Resolved

- 1) That the contents of the report on treasury management performance and the performance to date be noted.
- 2) That the procurement process and timetable for the retender of the treasury management advisory contract be noted and Officers be requested to bring an update report to the Committee's December meeting.

Management of Risk and Insurance

The Committee considered a report of the Head of Improvement which sought the view of the Committee on the arrangements for the management of risk management and insurance that the Executive had proposed at its 5 October 2009 meeting.

The Head of Improvement reported the Value for Money Review of Insurance had offered the opportunity to achieve financial savings while delivering service improvements for both the Council's insurance and risk functions.

The Head of Improvement advised the Committee that a project was currently underway to transfer the routine monitoring of risk (which was currently

undertaken by the Risk Management and Insurance Officer) to the Council's corporate Performance Management Framework, which would be fully integrated from 1 April 2010. The Chief Internal Auditor advised the Committee that this approach supported a recommendation of the Internal Audit review on risk. The review had highlighted the need for the Council to look at managing risk in a more effective and strategic manner. The Chief Internal Auditor remarked that risk management should lie with service managers rather than just one officer.

The Head of Improvement advised the Committee that under the new arrangements the corporate responsibility for the management of insurance would transfer to the Head of Finance. The operational administration of claims would be delegated to Heads of Service and operational administrative teams.

Members of the Committee expressed concerns about losing in-house expertise and the need to ensure a consistent approach and standard when the risk management function is devolved and managed at Service Head level. Officers assured the Committee that meetings had been held with insurers to analyse each insurance category and the level of insurance. They would continue to hold meetings to ensure that the right insurance was in place for the level of risk.

The Head of Improvement reported that strategic, operational and corporate risks were being reviewed. These would be externally scrutinized and subsequently submitted to the Executive for consideration. Members of the Committee requested that further details about this process be provided at its December meeting.

Resolved

- 1) That the decision of the Executive of 5 October 2009 regarding the future arrangements for the management of risk management and insurance be noted.
- 2) That Officers be requested to bring a further report on the future management arrangements, when the details had been confirmed, to the Committee.

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 September to October 2009. The Committee was advised that 45% of the plan had been completed and that the remainder would be completed by the end of the financial year.

The Chief Internal Auditor reported that since the Accounts, Audit and Risk Committee meeting of 23 September 2009, four final reports had been issued, four reports were in draft format and fieldwork had commenced in three areas. The Committee was advised that the Internal Audit team had also carried out four additional pieces of work outside the scope of the agreed audit plan.

In response to Members' questions, the Chief Internal Auditor advised the Committee that the December Internal Audit progress report would include an update tracking progress on all internal audit recommendations. Members were also advised that the Benefits Investigation Manager would be attending the Committee's December meeting to provide an update and answer Members' questions on the activity of the Benefits Investigations Team.

Resolved

- 1) That the internal audit progress report be approved.

31 **New Reporting Line Arrangements for Internal Audit**

The Committee considered a report of the Chief Executive outlining the options under consideration for the new reporting line arrangements for Internal Audit following the removal of the post of Strategic Director Customer Service and Resources from the staffing structure.

Members of the Committee sought assurance regarding the capacity of the Head of Legal and Democratic Services to have responsibility for Internal Audit. The Head of Improvement advised the Committee that the proposed permanent arrangement, which would be effective from 1 November 2009, had been in place on an interim basis since 1 October 2009 and was working well. The Chief Internal Auditor advised the Committee that he was happy with the arrangements.

Resolved

- 1) That the options under consideration be noted.
- 2) That the Chief Internal Auditor be asked to revise the charter for Internal Audit once the final decision on reporting arrangements has been made and to bring this to the Committee's December meeting for consideration.

32 **Verbal Updates**

Member Training

The Chairman reminded Members that a training session on Local Government Finance and Treasury Management would be held after the Committee's meeting.

The Chairman advised the Committee that Democratic Services had arranged a variety of other training and briefing sessions for Members. Details were available in the Members' Room or from the Trainee Democratic and Scrutiny Officer.

33 **Exclusion of the Press and Public**

Resolved

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

34 **Exempt Minutes**

The exempt minutes of the meeting held on 23 September 2009 were agreed as a correct record and signed by the Chairman.

35 **Overview of Treasury Management Performance - Exempt Annex 2**

The Committee considered the exempt annex to the report of the Head of Finance updating Members on Treasury Management Performance, which listed the 40 loans that the Council was engaged in at 30 September 2009.

Resolved

That the exempt annex 2 be noted.

The meeting ended at 7.00 pm

Chairman:

Date: