

## **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 20 January 2010 at 6.30 pm

Present: Councillor John Donaldson (Chairman)  
Councillor Trevor Stevens (Vice-Chairman)

Councillor Ken Atack  
Councillor Devena Rae  
Councillor Lawrie Stratford  
Councillor Rose Stratford

Apologies for absence: Councillor Barry Wood

Officers: Mary Harpley, Chief Executive and Head of Paid Service  
Karen Curtin, Head of Finance  
Pat Simpson, Head of Customer Service & Information Systems  
Natasha Clark, Trainee Democratic and Scrutiny Officer

#### **45 Declarations of Interest**

There were no declarations of interest.

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

There were no petitions or requests to address the meeting.

#### **47 Urgent Business**

There was no urgent business.

#### **48 Minutes**

The Minutes of the meeting held on 12 December 2009 were agreed as a correct record and signed by the Chairman.

#### **49 Serious Incident Review Follow-Up**

The Committee considered a report of the Head of Customer Service and Information Systems which updated Members on the recommendations made

by the Committee at its meeting on 23 September 2009 in respect of serious incidents in general and the ICT incident of February 2009 in particular.

The Head of Customer Service and Information Systems advised the Committee that on 11 and 12 January 2010, the Internal Audit team had undertaken a review of arrangements in ICT as follow up to their February 2009 report on the original incident. The report was not yet available; however the Committee was advised that the initial debriefing had been positive. The report would be circulated to Members when it was available.

The Audit Team Leader updated Members on recommendations 3 and 4, a review of project management and serious incident management. The Committee was advised that the draft Internal Audit Plan 2010/11 included days for additional follow up.

With regard to out of hours ICT support provision (recommendation 1), the Head of Customer Service and Information Systems advised Members that Executive had considered a report on 7 December 2010 which sought approval for a major strategic project to improve the resilience of the Council's computer systems, and to progress the means of identifying options for the medium and long term delivery of ICT services.

Executive had resolved to establish a Member and Officer review group, which would be tasked with surveying the options for ICT service delivery and driving efficiencies through technology in the future. The Committee agreed that the review groups remit should also include consideration of out of hours ICT support provision.

The Head of Customer Service and Information Services advised the Committee that the review group had not yet been established. Members agreed that it was important for the Committee to be involved in the development of and represented on the Member/Officer review group. The Chief Executive and Head of Customer Service and Information Services agreed to circulate a briefing note to Committee Members with further information about the review group.

The Head of Customer Service and Information Systems reported that she was receiving monthly updates covering service availability, major incidents, changes, helpdesk call statistics, capital and operational projects status, operational issues and staff training (recommendation 2). The reports were also sent to the Portfolio Holder.

The Head of Customer Service and Information Systems updated Members on the measures taken since the incident and the progress as to how the new control and logging systems and culture were embedding in the service (recommendation 5).

## **Resolved**

- 1) That the updates to recommendations 1, 2 and 5 be noted.

- 2) That the verbal update from Internal Audit about the review of project management and serious incident management (recommendations 3 and 4) across the council be noted.
- 3) That the Member/Officer review group being established as a result of the decision by the Executive in December 2009, be asked to include out of hours and standby provision as part of its remit.
- 4) That the verbal update on the preliminary findings of an Internal Audit review of arrangements in ICT as follow up to their February 2009 report on the original incident (taking place 11 and 12 January 2010) be noted.

## 50 **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 December 2009 to January 2010. The Committee was advised that 81% of the plan had been completed and that the remainder would be completed by the end of the financial year.

The Audit Team Leader reported that since the Accounts, Audit and Risk Committee meeting of 14 December 2009, three final reports had been issued, three reports were in draft form and fieldwork had commenced in six areas.

In response to Members' questions about the Risk Management Workshop, the Chief Executive advised the Committee that the Corporate Management Team were considering the outcomes of the workshop. The proposed new strategic risks would be presented to the Accounts, Audit and Risk Committee for consideration.

The Chief Executive advised the Committee that the project to integrate the risk and performance management frameworks remained on track. All strategic, corporate and service risks were currently being reviewed before being added to the integrated performance and risk register. Responsibility for strategic risk management would be taken on by the Corporate Strategy, Performance and Partnerships Team. The Performance Management Framework would be updated to include risk, resulting in a fully integrated approach to performance and risk from 2010/11.

### **Resolved**

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

## 51 **Proposals for Internal Audit Plan 2010/2011**

The Committee considered a report of the Chief Internal Auditor which presented the first draft of the proposed 2010/11 internal audit plan. The Audit Team Leader advised Members that the report was based on the Internal Audit teams Strategic Plan for 2009-12 and had been updated following the annual risk assessment and risk management workshops.

The Audit Team Leader advised the Committee that the draft Internal Audit Plan had been drafted in order to ensure that the risks facing Cherwell District Council were adequately managed and internal audit resources were effectively utilised. The final version would be presented to the Committee's March meeting for approval.

**Resolved**

- 1) That the contents of the report be approved.

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**Overview of Treasury Management Performance Quarter 3**

The Committee considered a report of the Head of Finance which updated Members on the actual return on investments for the period to December 2009, detailed 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. The Committee was advised that the performance for Quarter 3 was in line with expectations and within budget tolerances

The Head of Finance updated Members on the Treasury Strategy. The Treasury Strategy would be presented to Executive on 1 February 2010 and full Council on 23 February as part of the Budget book. The 2010/11 Strategy was essentially the same as the current Strategy, with minor revisions to ensure compliance with the update CIPFA guidance.

The Head of Finance advised the Committee that Finance staff had been working on a joint basis with Oxford City Council to retender the Council's contract for treasury advice. The tender opportunity had been advertised on 14 January 2010 and submissions were due back on 12 February. A panel comprising Members and Officers from Cherwell District and Oxford City councils would convene in March to consider tender presentations by the shortlisted suppliers. Members of the Accounts, Audit and Risk Committee were asked to contact the Head of Finance if they wished to sit on the Panel.

The Head of Finance updated Members on the current situation regarding the Council's investments with the failed Icelandic bank Glitnir. The administration committee of the Glitnir bank had not given Local Authorities preferred creditor status and as such each would recover only a percentage of its investment. Local Authorities had objected to this creditor status and were being represented by the Local Government Association. The objections of the Local Authorities would now be considered under the processes followed under Icelandic insolvency law, and court action would be taken as necessary.

**Resolved**

- 1) That the contents of the report and performance to date be noted.

- 2) That the update on the procurement process be noted.
- 3) That it be noted that Members of the Accounts, Audit and Risk Committee had been invited to participate in the Member/Officer Panel to consider the tender presentations of the shortlisted suppliers for the Council's new treasury advice contract.

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### **Verbal Updates**

**a) Future Management of Risk and Insurance Management**

The Chief Executive advised Members that the recommendations of the Value for Money review of risk and insurance were currently being taken forward. It had been the plan to outsource strategic risk management from 1 April 2010. However for a number of reasons it was now intended to ask the Risk Management and Insurance Officer to continue in her current role for a further year, working with the Corporate Strategy, Performance and Partnerships Team. Responsibility for insurance would be taken on by the Finance team as planned, but supported for the next year by the Risk Management and Insurance Officer who would provide the equivalent of one day a week's work on insurance, reporting on this to Finance.

**b) International Financial Reporting Standard (IFRS) Update**

The Head of Finance updated Members on the preparations for the implementation of the International Financial Reports Standard (IFRS). The Project Team had held two meetings and identified a number of key areas for further work.

The Head of Finance reported that the International Finance Reporting Standard Steering Group, comprising of Councillors Donaldson, Atack and Rose Stratford, the Chief Financial Officer, the Head of Finance and the Chief internal Auditor, had held their first meeting. The Steering Group would review the work of the Project Group, monitor the transition to IFRS and act as the champion of IFRS across the Council. The Steering Group would report any changes to the Accounts, Audit and Risk Committee.

The Head of Finance advised the Committee that the Council had obtained a 'green' rating from the Audit Commission for the progress to implementing the International Financial Reporting Standard.

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### **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 paragraph 3 of Part 1, Schedule 12A of that Act.

55 **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 investments that Cherwell District Council had across all funds at 31 December 2009.

**Resolved**

- 1) That the exempt annex be noted.

The meeting ended at 8.10 pm

Chairman:

Date: