

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 22 January 2014 at 6.30 pm

Present: Councillor Trevor Stevens (Chairman)
Councillor Mike Kerford-Byrnes (Vice-Chairman)

Councillor Andrew Beere
Councillor Ray Jelf
Councillor Nicholas Mawer
Councillor Lawrie Stratford
Councillor Barry Wood

Also Present: Councillor Ken Atack, Lead Member for Financial Management

Guests Ed Cook, PriceWaterhouseCooper, Internal Audit
Alastair Rankine, Audit Manager, Ernst & Young, External Audit
Mick West, Audit Director, Ernst & Young, External Audit

Apologies for absence: Councillor Rose Stratford

Officers: Tim Madden, Interim Head of Finance and Procurement
Nicola Jackson, Corporate Finance Manager
Denise Taylor, Corporate Accountant
Jeff Brawley, Investigations Manager
Louise Tustian, Senior Performance & Improvement Officer
Natasha Clark, Team Leader, Democratic and Elections
Sharon Hickson, Assistant Democratic and Elections Officer

43 Declarations of Interest

There were no Declarations of Interest.

44 Petitions and Requests to Address the Meeting

There were no Petitions or Requests to Address the Meeting.

45 **Urgent Business**

There was no Urgent Business

46 **Minutes**

The Minutes of the meeting of the Committee held on 4 December 2013 were agreed as a correct record and signed by the Chairman.

47 **Chairman's Announcements**

The Chairman advised the Committee that he had to leave the meeting at around 7.15pm and the Vice-Chairman would take the Chair.

48 **Third Quarter Risk Review**

The Committee considered a report of the Head of Transformation on the management of Strategic, Corporate and Partnership Risks during the third quarter of 2013/14 and highlight any emerging issues for consideration.

Resolved

- (1) That the quarter 3 Strategic, Corporate and Partnership Risk Register be noted and no issues for further consideration have been identified.

49 **Anti Fraud and Corruption plus Whistle Blowing Update**

The Committee considered the verbal update from the Investigations Manager on Anti-Fraud and Corruption plus Whistle Blowing.

The Investigations Manager reported that there had been no new cases of Whistle Blowing since the start of the Financial Year and provided a detailed overview of work undertaken by the Fraud Investigation team.

In response to Members' questions, the Investigations Manager explained that if an individual suspected someone of fraud, they could report via telephone, the council's website or email.

In the course of the discussion Members queried if the council's systems were adequate and requested that a report on fraud control be submitted to a future meeting.

Resolved

- (1) That the Verbal Update be noted.

(Councillor Stevens left the meeting at the conclusion of the item and Councillor Kerford-Byrnes took the Chair).

50 **Use of Purchase Orders**

The Committee considered a report of the Interim Head of Finance and Procurement on the use of purchase orders.

In introducing the report the Corporate Accountant advised the Committee that there had been improvement in the use of purchase orders. More staff had been trained to create Purchase Orders, service areas were instructed not to raise a purchase order before committing money and a “no purchase order no payment policy” had been implemented. There was nonetheless room for further improvement,

The Committee requested a further report be submitted providing a month’s analysis of purchase orders detailing department, supplier and amount.

Resolved

- (1) That the contents of the report on the progress the Council is making to improve the use of purchase orders be noted.

51 **Design & Operation of the IT General Controls within Agresso**

The Committee considered a report of the Interim Head of Finance and Procurement on the Design and Operation of the IT General Controls within Agresso.

Resolved

- (1) That the report be noted.

52 **External Audit: Annual Audit Plan 2013-14 and Grants Certification Annual Report 2012-13**

The Committee considered a report of the Interim Head of Finance and Procurement which sought consideration of the Ernst and Young LLP Report setting out the Annual Audit Plan 2013-14, and summarised external audit’s certification work on grants claims for 2012-13.

In introducing the Annual Audit Plan 2013-14, the Audit Director reported that as part of the planning work two risks to the audit of the financial statements. Work in this area would therefore focus on misstatement due to fraud or error and implementation of a new payroll system.

One significant risk and two other risks had been identified for the value for money conclusion on the Council’s use of resources. Work in this area would focus on management of capital projects, financial resilience and delivering services.

The Audit Manager confirmed that one claim, Housing and council tax benefits subsidy claim and National non-domestic rates return had been certified in 2012/13. In 2013/14 only benefits would be certified and consequently there would be a reduction in the certification fees going forward.

Resolved

- (1) That the Ernst Young Fee Letter 2013-14, Annual Audit Plan 2013-14, Grants Certification Annual Report 2012-13 be noted.

53 **Internal Audit Progress Report**

The Committee considered a report of the Chief Internal Auditor which summarised their Internal Audit work since the Committee's meeting in December.

Resolved

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

54 **Public Sector Internal Audit Standards**

The Committee considered a report of the Chief Internal Auditor which detailed the new Public Sector Internal Audit Standards (PSIAS). Since 1 April 2013, internal audit services in local government, central government and health were required to be delivered in accordance with PSIAS.

Resolved

- (1) That the Public Sector Internal Audit Standards be noted.

55 **Q3 Treasury Management Report**

The Committee considered a report of the Interim which set out treasury management performance and compliance with treasury management policy for 2013-14 for Quarter 3 as required by the Treasury Management Code of Practice.

In introducing the report the Corporate Finance Manager reported that having taken advice from the Council's treasury advisors, monies held in the Investec funds would be brought in house upon maturity.

Resolved

- (1) That the Quarter 3 (Q3) Treasury Management Report be noted.

56

Updated Treasury Management Strategy 2014-15

The Committee considered a report of the Interim Head of Finance and Procurement on the updated Treasury Management Strategy for 2014-2015 and actions and proposals in respect of the funds held by fund managers Investec.

In introducing the report, the Corporate Finance Manager explained that there were two significant changes to the Strategy since it had been presented to the Committee in December relating to the return of funds in-house and the method for reinvesting and the addition of the principle of borrowing.

Resolved

- (1) That the updated Treasury Strategy for 2014-15 be noted.
- (2) That the action and proposals in respect of funds held with Fund Managers Investec be noted.

57

Accounts, Audit and Risk Committee Work Programme

The Committee considered its work programme 2013/14.

Resolved

- (1) That the Work Programme be noted subject to the following additions.
 - Purchase Order Analysis
 - Fraud Control

The meeting ended at 8.10 pm

Chairman:

Date: