

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 March 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
Councillor Barry Wood

Also Present: Nicola Jackson, Audit Manager, Audit Commission
Katherine Bennett, Audit Team Leader, PricewaterhouseCoopers

Officers: Mary Harpley, Chief Executive and Head of Paid Service
Phil O'Dell, Chief Finance Officer
Karen Curtin, Head of Finance
Lauretta Vitalis, Head of Revenues and Benefits
Claire Taylor, Community Planning Manager
Rosemary Watts, Risk Management & Insurance Officer
Natasha Clark, Democratic and Scrutiny Officer

56 Declarations of Interest

Members declared interest with regard to the following agenda items:

10. Corporate Risk Register and Risk Strategy 2010/11.

Councillor Ken Atack, Personal, as the Executive Portfolio Holder with responsibility for risk.

57 Petitions and Requests to Address the Meeting

There were no petitions or requests to address the meeting.

58 Urgent Business

There was no urgent business.

59 **Minutes**

The Minutes of the meeting held on 20 January were agreed as a correct record and signed by the Chairman.

60 **Accountancy Progress Report - Closedown and IFRS**

The Committee considered a report of the Head of Finance which provided a progress report on the Financial Information Team in relation to the production of the 2009/10 Statement of Accounts and advised the Committee on how Officers were progressing in the adoption of International Financial Reporting Standards (IFRS).

Closure of the 2009/10 Accounts and production of the Statement for Accounts

The Head of Finance circulated the latest year-end closedown 2009/10 timetable which detailed all of the activities to be undertaken. The target completion date for the draft Statement of Accounts was 21 May 2010, which was 5 days earlier than in 2008/09 and would ensure a longer period of final review and reconciliation to the working papers.

The Head of Finance advised the Committee that following last year's score of 3 on the Use of Resources assessment for Key Line of Enquiry 1.1 (KLOE1), the finance team had put measures in place to improve closedown procedures and were striving for a score of 4 on the Statement of Accounts. These included workshops for all Council departments to make staff aware of their Closedown responsibilities and holding regular meetings with the Audit Commission.

IFRS Preparation

The Head of Finance circulated the Audit Commission's "Countdown to IFRS – Checklist for members." The Committee was advised that the IFRS steering group (which included elected Members) had met and agreed its terms of reference. It would meet quarterly to monitor progress against the IFRS action plan and agree resources.

The Head of Finance reported that a number of officers had attended courses on IFRS. The Audit Commission would be holding a countywide training event on IFRS for Audit Committee members and senior officers.

Members of the Committee raised concerns about the impact of the IFRS on council tax payers. The Head of Finance assured the Committee that it was anticipated there would be minimal impact and agreed to include 'impact to council tax payers' to the IFRS steering group monitoring list.

Accounting Policies 2009/10 for inclusion in the Statement of Accounts

The Head of Finance advised the Committee that since last year there had been 4 minor changes to the Statement of Recommended Practice (SoRP) regarding accounting policies. These would have no financial impact for the Council, rather they related to presentation.

Resolved

- (1) That the contents of this report and the Officers' proposed actions to deal with the closure of the 2009/10 Accounts and production of the Statement of Accounts be noted.
- (2) That the contents of this report and the Officers' proposed actions to deal with the implementation of International Financial Reporting Standards (IFRS) be noted.
- (3) That the accounting policies for inclusion in the Statement of Accounts 2009/10 be approved.

61 **Corporate Governance Panel 2010/11**

The Chief Financial Officer provided a verbal update on the Corporate Governance Panel. He reminded the Committee that the Corporate Governance Panel reviews the draft Annual Governance Statement which eventually forms part of the Statement of Accounts which the Committee would consider in June 2010. The draft Annual Governance Statement would be available in late April 2010.

The Committee was advised that it was also intended to convene additional meetings of the Corporate Governance Panel during 2010/11 to consider the Council's whole approach to Governance on an ongoing basis and in particular any issues or recommendations arising from the officer Corporate Governance Group.

Resolved

- (1) That Councillors Atack and Lawrie Stratford be confirmed as the two Accounts, Audit and Risk representatives of the Corporate Governance Panel for 2010/11.

62 **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 January 2010 to March 2010. The Committee was advised that 91% 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 20 January 2010, six final reports had been issued, four reports were in draft form and fieldwork had commenced in three areas.

The Audit Team Leader updated the Committee with a summary of the activity of the Benefits Investigation Team since 1 April 2009. The Team had received 261 referrals and had a sanctions success rate of 60.27% against a target of 50%.

Resolved

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

63 **Internal Audit Final Plan 2010/11**

The Committee considered a report of the Chief Internal Auditor which presented the final version of the 2010/11 Internal Audit Plan. This was based on the Internal Audit Strategic Plan 2009-12 and had been updated following consultation with members and Officers.

Resolved

- (1) That the Internal Audit Final Plan 2010/11 be approved.

64 **Corporate Risk Register and Risk Strategy 2010/11**

The Committee considered a report of the Chief Executive which presented the proposed Corporate Risk Register and the Risk Strategy for 2010/11 for consideration and comment by the Accounts, Audit and Risk Committee in advance of their consideration by the Council's Executive.

The Risk Management and Insurance Officer updated the Committee on the Council's decision to combine performance management with risk management, with both areas being monitored through PerformancePlus. The Committee was advised that following extensive consultation, the risk register had been revised and principles developed for the management of risk.

The Committee was advised that "core risks" would comprise Corporate Risk Register. The reporting of the Corporate Risk Register would be integrated into to quarterly Performance Management Framework and reported to the Accounts, Audit and Risk Committee quarterly. These would be strategic, corporate and some partnership risks. It had been determined that a number of existing corporate risks could be monitored at Head of Service level (operational risks) and escalated on an exception basis.

In response to Members' questions the Risk Management and Insurance reported that the proposed Corporate Risk Register and Risk Strategy was for 2010/11 and would be reviewed at the end of each year and updated, if necessary, to reflect changing priorities.

The Committee agreed that the proposals represented a more structured and focused approach to risk management. However, Members sought assurance that lower level operational risks would be monitored. The Corporate and Community Planning Manager assured the Committee that Operational risks will be review at Directorate Management Teams and issues escalated on an exception basis where appropriate. This mirrors the approach taken with service plans. In addition the quarterly governance statement completed by all service heads will identify any issues of concern.

In response to Members' comments, the Chief Executive agreed that it was important for member of the Committee to have access to the operational risk reports and provided assurance that these would be available at request.

Resolved

- (1) That the principles of risk management set out in the report be agreed.
- (2) That the Corporate Risk Register for 2010/11 be agreed.
- (3) That the Risk Strategy 2010/11 be agreed.
- (4) That the arrangements for reporting on risk management to the Executive and the Accounts, Audit and Risk Committee be agreed.
- (5) That the Executive be advised that the Accounts, Audit and Risk Committee support and endorse the principles of risk management, the Corporate Risk Register 2010/11, the Risk Strategy 2010/11 and the arrangements for reporting on risk management.
- (6) That it be agreed that members of the Accounts, Audit and Risk Committee will be able to review operational risk reports.

65

Certification of Claims and Returns 2008/09 - Audit Commission

Nicola Jackson (Audit Manager, Audit Commission) presented the Certificate of Claims and Returns Report 2008/09 produced by the Audit Commission. The Audit Commission report reviewed the Council's arrangements for the preparation and administration of grant claims within the council.

The Audit Manager advised the Committee that this was the first year that the Audit Commission had required auditors to produce such a report. The report summarised the findings from the certification of 2008/09 claims.

The Committee was advised that the audit team had carried out a limited review of three claims, which had been certified with no amendment. The fourth claim (housing benefits) was subject to a full review and required a number of adjustments prior to the qualification of the claim. The Audit Manager reported that an action plan had been agreed and implemented to address the issues that had arisen.

The Committee noted that the report was based on 2008/09 figures, which was prior to the outsourcing of the revenues and benefits service to Capita. The Head of Finance assured the Committee that she had been working with the Head of Revenues and Benefits and Capita to ensure errors were minimized in the future.

Resolved

- (1) That the contents of the Audit Commission Certificate of Claims and Returns Report 2008/09 be noted.

- (2) That the agreed Action Plan presented as Appendix 2 to the Audit Commission Certificate of Claims and Returns Report 2008/09 be noted.

66 **Audit Protocol**

Nicola Jackson (Audit Manager, Audit Commission) presented a report of the Head of Finance which set out the basis for joint working arrangements between Cherwell District Council's Internal Audit Service (IA) and the Audit Commission (AC), as the Council's external auditors.

Resolved

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

67 **Chief Finance Officer**

The Chairman advised the Committee that this would be the Chief Finance Officers' last Accounts, Audit and Risk Committee as the Council had concluded an arrangement for sharing a Section 151 Officer and Chief Finance Officer with South Northamptonshire District Council. Martin Henry would be the Council's designated Section 151 Officer until 28 February 2011.

The Committee thanked the Chief Finance Officer for all his advice, support and guidance to the Committee in all areas of finance and wished him well.

The meeting ended at 8.15 pm

Chairman:

Date: