

# Minutes



Listening Learning Leading

OF A MEETING OF THE

## **Audit and Corporate Governance Committee**

**HELD AT 6.00PM ON 15 DECEMBER 2009**

**AT COUNCIL OFFICES, CROWMARSH GIFFORD**

### **Present:**

Mr P Greene (Chairman)

Ms J Bland (as substitute for Mr R Peasgood), Mr P Cross, Mr M Harris,  
Mr P Harrison, Ms A Purse<sup>1</sup>

### **Apologies:**

Mrs M Davies and Mr Peasgood tendered apologies.

### **Officers:**

Mr S Bishop, Mr G Bushell, Mrs K Fiander, Mr S Hewings, Mr P Howden,  
Mr W Jacobs, Mrs A Partridge, Ms M Slater

### **Also present:**

Mr I R Mann, Cabinet member for finance  
Mrs A Ockleston, Audit Manager, Audit Commission  
Mr D Keen, Capita

### **23. Minutes 29 September 2009**

**RESOLVED:** to approve the minutes of the meeting held on 29 September 2009 as a correct record and to agree that the Chairman sign them.

### **24. Business continuity strategy**

The committee considered the report of the Head of HR, IT & Customer Services, which asked the committee to review the joint Business Continuity Strategy 2009 to 2012, and to recommend that Cabinet approves it.

As a consequence of the shared management arrangements between the two councils, management team had asked South's business improvement team to

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<sup>1</sup> Ms A Purse arrived during item 26.

facilitate and coordinate the rationalisation of the two existing approaches to business continuity in each council. In addition to risk management, an element of the corporate risk officer's role is business continuity and the two councils are joint funding this.

In response to comments and questions, Mr G Bushell, Business Improvement Manager, replied as follows:

- Savings arising from having a joint strategy would be limited, as the costs tended to be upfront in putting the strategy together in the first place. However, in reviewing contracts associated with the strategy the council would consider the possibility of internal rather than external arrangements and future cost savings.
- Any major new contractor would be asked to consider their own business continuity arrangements. Such arrangements may be unnecessary for smaller, less business critical contractors.
- The scheduled annual tests and exercises would take the form of a desk-top exercise.
- Although the detailed business continuity documents were not available to the public, committee members could approach officers in order to view them.
- It was not necessary to know whether all employees could access the council's extranet to enable them to work from home as not all employees supported business critical activities.

**RESOLVED:** to recommend to Cabinet the adoption of the joint business continuity strategy accompanying the report of the Head of HR, IT & Customer Services to Audit and Corporate Governance Committee on 15 December 2009.

## **25. Internal audit activity report quarter 3 2009/2010**

The committee considered the report of the Audit Manager that summarised the outcomes of recent internal audit activity. The committee was asked to review the report and the main issues arising, and seek assurance that action has been or will be taken where necessary.

### **HOUSING AND COUNCIL TAX BENEFITS 2009/10**

Mr D Keen, Capita, explained how late notification of changes in circumstances could result in overpayments to claimants. He also explained that each case varied in terms of the time that elapsed before notification.

Mr D Keen and Mr P Howden advised that the council was subject to a large number of fraud cases. They explained the initiatives that existed to detect and prevent fraud, particularly data matching. The council also benefited from press coverage of fraud but, in spite of the initiatives, it was down to individuals to act honestly.

In response to a question about the success rate in getting back overpaid money, Mr Keen advised that some cases dated back to 1996 with repayment still being made and taking many more years to repay in full. He aimed to get back all overpayments regardless of the time that had elapsed since the overpayment. He would need to review each outstanding case to see if they had been dealt with appropriately at the time before seeking repayment. If possible any case would be taken to court. Currently £1.5million was outstanding.

In terms of accounts that had been suspended, some had been suspended for a longer period than would normally be expected. However, it was up to the claimant to provide timely and appropriate information to process a case.

When asked when satisfactory audit recommendations on overpayment and recovery would be achieved, Mr Keen explained that previous audit recommendations had not been implemented but he had now attended to this.

Mr S Bishop, Strategic Director, informed the committee that, compared with other district councils, the outstanding amount of £1.5million was high. The average for other councils was less than £1million and some Oxfordshire district councils reported debts significantly less than £1million. It was unclear whether other councils had policies to write off debt sooner - this was a route this council did not want to take. In addition, it had recently become apparent that the council may lose subsidy of £76,000 due to the level of benefit payments made in error. Mr Keen explained that there was to be an adjustment to the figures for 2007/08 (which could be carried forward to the 2008/09 subsidy claim). This would be submitted to the Department for Work and Pensions. If accepted, the council may not lose the subsidy.

The committee noted that Capita reported performance to the Ridgeway Shared Services Partnership each month. The committee expected an update in March 2010, wishing to hear of an improved position.

## **26. Internal audit management report quarter 3 2009/2010**

The committee considered the report of the Audit Manager that reported on management issues; summarised the progress of internal audit against the 2009/2010 audit plan up to 4 December 2009 and summarised the priorities and planned audit work for quarter 4 2009/2010.

The committee expressed concern at the short induction period for the new auditor when the Senior Auditor had recently been made redundant and the Audit Manager would soon commence maternity leave. The Audit Manager explained that the appointee has a local authority background and would only need to understand South Oxfordshire District Council's processes to be effective in the role. A buddying system had been introduced and the current team was highly skilled with robust processes in place.

The committee noted the report.

## **27. International Financial Reporting Standards**

The committee considered the report of the Head of Finance that updated the committee on progress towards complying with International Financial Reporting Standards (IFRS).

Mr I R Mann, Cabinet member for finance, emphasised the cost and resource required to implement IFRS. He said that the bids for additional resources would be considered in the context of the council's overall budget position.

Mrs A Ockleston, Audit Manager, explained that the Audit Commission would support councils through the transition to IFRS. She endorsed the council's planning for IFRS based on other countries' experiences of implementation.

The committee expressed concern at the amount of work involved in implementing IFRS and noted the proposals for resources.

## **28. The Audit Commission's annual audit letter**

Mrs A Ockleston introduced the report of the Audit Commission, which was a summary of the Audit Commission's messages throughout the year in the context of the economic downturn. This was a very positive report.

In response to a question, Mrs Ockleston advised that the Audit Commission had not already pre-judged the council's risk score as a result of the reduced staffing in the audit team. Any future assessment would be a judgment once the risks had been identified and discussed.

The committee noted the report.

The meeting closed at 7.10pm.

Chairman

Date