

Minutes



OF A MEETING OF THE

Joint Audit and Governance Committee

HELD AT 6.30 PM ON MONDAY 28 SEPTEMBER 2015

MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON,
OX14 4SB

Present

Kevin Bulmer (Co-Chairman in the chair)

Charles Bailey, Kevin Bulmer, Dudley Hoddinott, Simon Howell, Chris Palmer, Henry Spencer, Alan Thompson and John Walsh

Officers

David Buckle, William Jacobs, Adrianna Partridge, Ron Schrieber and Bob Watson

Also present:

Councillor Jane Murphy, South Oxfordshire Cabinet member for finance, legal and democratic services and licensing, Mick West, EY

11 Apologies

None.

12 Declarations of disposable pecuniary interest

None.

13 Minutes

RESOLVED: to adopt as a correct record the minutes of the meeting held on 6 July 2015 and agree that the chairman signs them as such.

14 Urgent business

None.

15 Public participation

None.

16 Application of restrictions imposed by Section 157 of the Housing Act 1985 in South Oxfordshire - consideration of the local government ombudsman's report

The committee considered a report setting out the local government ombudsman's findings and recommendations on two similar complaints from South Oxfordshire residents concerning a restriction on the sale of properties under Section 157 of the Housing Act 1985.

Both residents had complained that the council had failed to fully inform them of the conditions of the restriction when they had bought their properties. The ombudsman had concluded that there was fault by the council which had caused injustice to the complainants and recommended:

- That, if the value of the properties was diminished by the restriction, the council should pay the complainants 50% of the difference;
- That the council should pay the complainants £250 each in acknowledgement of the stress caused to them.

Following detailed discussion, the committee took the view that the complainants' solicitors should have fully advised them on the implications of the section 157 restriction at the time they purchased their properties. This should have included advice that the council could change its policy at any time. Accordingly, it did not accept the ombudsman's first recommendation.

RESOLVED: to

- (a) reject the local government ombudsman's recommendation to pay the complainants 50% of the difference between the two valuations.
- (b) pay the complainants £250 each in acknowledgement of the stress caused to them.

17 External auditor's fees

The committee considered the external auditor's letters on audit and certification fees for 2015/16. Mick West from EY reported that the indicative fee for South Oxfordshire District Council, based on past experience, would be £48,186 and for the certification of claims and returns the indicative fee was £10,972. For Vale of White Horse District Council, the respective fees were £47,129 and £11,616.

For both councils, this represented a reduction of approximately 25% from the planned fees for 2014/15.

RESOLVED: to note the external auditor's indicative fees for audit work in 2015/16.

18 External auditor's annual audit report - South Oxfordshire

The committee considered the audit report for 2014/15 from the external auditor, EY. Mick West reported that no significant issues or risks had been identified. Accordingly, EY expected to issue an unqualified opinion on the financial statements and expected to conclude that the council had made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

In response to a member's question about the risk of loss of documentation following the fire at the Crowmarsh Gifford offices, he reported that most information was stored electronically but that, where original documentation had been destroyed, alternative supporting information had been obtained.

RESOLVED: to note the annual audit report from the external auditor.

19 External auditor's annual audit report - Vale of White Horse

The committee considered the audit report for 2014/15 from the external auditor, EY. Mick West reported that no significant issues or risks had been identified. Accordingly, EY expected to issue an unqualified opinion on the financial statements and expected to conclude that the council had made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

RESOLVED: to note the annual audit report from the external auditor.

20 Statement of accounts 2014/15 - South Oxfordshire

The committee considered the statement of accounts 2014/15. This set out the financial statements required to meet the international financial reporting standards, guidance from the external auditor, and guidance from the Chartered Institute of Public Finance and Accountancy.

Councillors noted that the external auditor, EY, had given an unqualified opinion on the accounts; the committee welcomed this.

RESOLVED: to approve the statement of accounts for South Oxfordshire District Council for 2014/15, as amended, for signature by the chairman of this meeting of the committee.

21 Statement of accounts 2014/15 - Vale of White Horse

The committee considered the statement of accounts 2014/15. This set out the financial statements required to meet the international financial reporting standards, guidance from the external auditor, and guidance from the Chartered Institute of Public Finance and Accountancy.

Councillors noted that the external auditor, EY, had given an unqualified opinion on the accounts; the committee welcomed this.

RESOLVED: to approve the statement of accounts for Vale of White Horse District Council for 2014/15, as amended, for signature by the chairman of this meeting of the committee and by the co-chairman from Vale of White Horse District Council.

22 Annual governance statement 2014/15 - South Oxfordshire

The committee considered the annual governance statement for 2014/15. This set out how the council had met the requirements of good governance over the year, and suggested areas for improvement in 2015/16.

RESOLVED: to approve South Oxfordshire District Council's annual governance statement 2014/15 to form part of the statement of accounts.

23 Annual governance statement 2014/15 - Vale of White Horse

The committee considered the annual governance statement for 2014/15. This set out how the council had met the requirements of good governance over the year, and suggested areas for improvement in 2015/16.

RESOLVED: to approve Vale of White Horse District Council's annual governance statement 2014/15 to form part of the statement of accounts.

24 Letter of representation to the external auditor - South Oxfordshire

The committee considered the letter of representation to the external auditor, as part of the process in completing the statement of accounts.

RESOLVED: to agree that the chairman of this committee meeting sign the letter of representation to the external auditor.

25 Letter of representation to the external auditor - Vale of White Horse

The committee considered the letter of representation to the external auditor, as part of the process in completing the statement of accounts.

RESOLVED: to agree that the co-chairman from the Vale of White Horse District Council sign the letter of representation to the external auditor.

26 Treasury management outturn 2014/15

The committee considered the head of finance's report which monitored the treasury management activities of both South Oxfordshire and Vale of White Horse District councils for the financial year 2014/15.

The committee noted that both councils had exceeded their budgeted income targets for 2014/15 and neither council had had to borrow for long-term capital financing or short-term for cash flow purposes during the year.

In response to members' questions it was reported that:

- The reason why the Vale of White Horse's rate of return on investments was less than South Oxfordshire's was that South Oxfordshire had more reserves and therefore more core funds for investment. This allowed officers to make

investments for longer terms and further down the 'yield curve'. It also invested in different products that return a higher rate.

- With regard to investments in Icelandic banks, Vale had sold its entire stake in Landesbanki Islands hf as, being awarded priority creditor status, it was likely to recover substantially all of its investment eventually, thus making the bid price more attractive, whereas South Oxfordshire had retained its investment in Kaupthing Singer & Friedlander as it was an unsecured creditor and, having already received most of the expected total return, any similar disposal would not be attractive.

RESOLVED: to

- (a) note the treasury management outturn report 2014/15; and
- (b) advise Cabinet that the Committee is satisfied that the treasury activities in 2014/15 have been carried out in accordance with the treasury management strategy and policy.

27 Internal audit management report quarter two 2015/16

The committee considered the audit manager's management report on internal audit for the second quarter of 2015/16.

RESOLVED: to note the internal audit management report for the second quarter of 2015/16.

28 Internal audit activity report quarter two 2015/16

The committee considered the audit manager's report on internal audit activity during the second quarter 2015/16. This summarised the outcomes of recent audit activity. Six audits had been completed during the quarter, two of which, regarding procurement at each council, had received limited assurance.

Members expressed concerns about some of the aspects of the internal audit reports on procurement and requested that follow up reports be submitted to the next meeting. Members also requested that the head of service attend, providing a report addressing the Official Journal of the European Union finding and the action taken consequently.

With regard to the summary of overdue recommendations as set out in Appendix 2 to the report, the committee noted the relatively high percentage of overdue recommendations relating to planning and agreed that, unless there was a significant improvement in the third quarter, the head of planning should attend the next meeting.

Members also requested that the summary of overdue recommendations be formatted to list the most overdue recommendations first.

RESOLVED: to

- (a) note the internal audit activity report for the second quarter 2015/16;

- (b) request that follow up internal audit reports on procurement be submitted to the next meeting and that the head of HR, IT and technical services attend for this item.
- (c) agree that, prior to the next meeting, the co-chairs decide whether a head of service should attend to report on the overdue recommendations in their service area.

29 Audit and governance work programme

The committee reviewed and noted its work programme which set out matters scheduled for consideration at future meetings.

The meeting closed at 7.55 pm

Chairman

Date