

## OF A MEETING OF THE

# Joint Audit and Governance Committee

HELD ON MONDAY 20 MARCH 2017 AT 6.30 PM  
MEETING ROOM 1, 135 EASTERN AVENUE, MILTON PARK, MILTON,  
OX14 4SB

### Present

#### Members:

South Oxfordshire District Councillors: Charles Bailey, Kevin Bulmer (Chairman) and John Walsh

Vale of White Horse District Councillors: Dudley Hoddinott, Simon Howell and Chris Palmer

### Apologies:

South Oxfordshire Councillor Alan Thompson tendered apologies.

### Officers

Sandy Bayley, Andrew Down, William Jacobs, Nilesh Parmar, Adrianna Partridge and Ron Schrieber

### Also present:

Councillor Jane Murphy (SODC), Andrew Brittain and David Guest (EY) and Simon Hewings (Chief Accountant, Capita)

## 47 Minutes

**RESOLVED:** to adopt as a correct record the minutes of the meeting held on 26 September 2016 and agree that the chairman sign them as such, subject to the following amendment:

In the attendance list, delete any Councillors' names which had been duplicated.

## 48 Declarations of interest

None.

## **49 Urgent business and chairman's announcements**

None.

## **50 Public participation**

None.

## **51 2016/17 statement of accounts**

The external auditors gave an update on their auditing of the councils' 2016/17 statements of accounts.

They reported that work was progressing well and, to date, no significant issues had been identified.

A further progress report would be submitted to the next meeting.

**RESOLVED:** to note the external auditors' oral report.

## **52 Internal audit activity report quarter four 2016/2017**

The committee considered the assurance manager's report on internal audit activity during the fourth quarter 2016/17. This summarised the outcomes of recent audit activity. Three planned audits had been completed during the quarter, two of which had received limited assurance.

### **Creditor payments 2016/2017**

The committee considered the main findings and recommendations of the internal audit report. Capita exchequer services, who provide the system administration, had advised that four of the recommendations had been implemented but this had still to be verified.

In response to members' questions, the committee was advised that:

- The Agresso financial management system would be replaced with a new system but the date of this change had yet to be confirmed.
- With regard to recommendation 6, duplicate invoices, officers would report back on whether the councils had incurred any losses.
- Capita's performance was monitored by the 5 councils' partnership (5CP) joint client team.

The committee was concerned that the issue of duplicate payments, which had been highlighted in the previous review in February 2016, had still not been resolved. It also sought assurance that the 5CP governance arrangements were effective. Accordingly it requested:

- A report on the role of the 5 council's partnership joint client team and the governance arrangements to ensure appropriate oversight of the 5CP is being undertaken.

- A follow up internal audit review of creditor payments in six months' time.

### **Treasury management 2016/17**

The committee considered the main findings and recommendations of the internal audit report. Many of the issues in the report had already been addressed in the report on the councils' treasury management and investment strategy submitted to the committee in January

A member expressed the view that there was a risk to the control environment following the transfer of accountancy staff to Capita in August 2016. The committee was informed that the Section 151 officer was satisfied that there was no current need to review practices whilst the service was provided on a business as usual basis. However, the current arrangements might change in 2017/18 and, if they did, practices would be reviewed.

### **Overdue recommendations**

Appendix 2 to the report summarised all overdue recommendations within each service area.

The committee was advised that the percentage of overdue recommendations for development and housing in the fourth quarter of 2016/7 had been incorrectly listed as 0. The correct figure was 100%.

The committee requested that, in future, this appendix should identify the high risk overdue recommendations.

**RESOLVED:** to note the internal audit management report for the fourth quarter of 2016/17.

### **53 Internal audit management report quarter four 2016/2017**

The committee considered the assurance manager's management report on internal audit for the fourth quarter of 2016/17.

**RESOLVED:** to note the internal audit management report for the fourth quarter of 2016/17.

### **54 Internal audit annual plan 2017/2018**

The committee considered the assurance manager's report which explained the process for setting the internal audit plan and for calculating the resources available and which set out the proposed internal audit plan for 2017/18.

In addition to the proposed schedule of auditable activity for 2017/18, the committee requested a review of the effectiveness of the 5 councils' partnership's governance arrangements.

**RESOLVED:** to

(a) approve the internal audit annual plan 2017/18; and

- (b) to request internal audit to review the effectiveness of the 5 councils' partnership's governance arrangements and to delegate authority to agree the review's terms of reference to the assurance manager, in consultation with the co-chairmen.

## **55 Statement of accounts 2016/17**

The committee considered a report on progress being made towards the completion of the 2016/17 statement of accounts and which presented revised statements of accounting policies for approval.

The committee was informed that the key change to the financial statements for 2016/17 was presentational. There were no new or changed accounting standards or other technical changes.

Although the changes to the final accounts deadlines would take effect in 2017/18, accountancy was bringing forward deadlines this year as a trial run. Accordingly the external auditor had already been consulted on the draft statements of accounting policy and had identified the following omissions:

### **“(xxiii) Council Tax and Non-Domestic Rates (England)**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### **Accounting for Council Tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.”

### **RESOLVED: to**

- (a) note progress on completing the 2016/17 statement of accounts; and
- (b) approve the revised statements of accounting policies as shown in Appendix 1 (South Oxfordshire District Council) and Appendix 2 (Vale of White Horse District Council), subject to the inclusion of the additional text set out above.

**56 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 7.40 pm

Chairman

Date