

# Minutes



Listening Learning Leading



OF A MEETING OF THE

## **Joint Audit and Governance Committee**

HELD ON MONDAY 3 JULY 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, Chris Palmer and Henry Spencer

### **Apologies:**

South Oxfordshire Councillor Toby Newman tendered apologies.

### **Officers:**

Sandy Bayley, Andrew Down, William Jacobs, Adrianna Partridge, Ron Schrieber, Mark Stone and Sally Truman

### **Also present:**

Andrew Brittain and David Guest (EY)

## **1 Minutes**

**RESOLVED:** to adopt as a correct record the minutes of the meeting held on 20 March 2017 and agree that the chairman sign them as such.

## **2 Declarations of interest**

None.

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

On behalf of the Committee, the chairman congratulated Mark Stone on his recent appointment to the post of Acting Chief Executive.

## **4 Public participation**

None.

## **5 Review of complaints received during 2016/17**

The committee considered the chief executive's report which provided information and statistics about complaints received during 2016/17.

The committee was informed that, due to the fact that the annual review had been brought forward from September to this meeting, the Local Government Ombudsman's (LGO) annual report was not yet available. Once received, this would be circulated to members.

The committee noted that the number of complaints against both councils had decreased compared with 2015/16.

**RESOLVED:** to note the review of complaints report 2016/17.

## **6 Internal audit activity report quarter one 2017/18**

The committee considered the assurance manager's report on internal audit activity for the first quarter of 2017/18. Twelve audits and one follow up review had been completed during the quarter, with six of the audits receiving limited assurance.

Several of the services which had received limited assurance ratings were the responsibility of Capita. Although Capita staff had been requested to attend to provide further information and answer questions on progress in implementing internal audit's recommendations, none were present. It was agreed that the co-chairmen should send a letter to Capita's local government services director expressing the committee's disapproval at the failure of Capita to send representatives, seeking assurances that this would not happen again and requesting detailed information on actions taken or to be taken to implement the audit recommendations.

### **HR Recruitment (Second Report) 2015/16**

The Committee was concerned that, with regard to high risk recommendations relating to pre-employment checks and service area recruitment procedure, there appeared to be no improvements post 1 October 2016.

### **Payroll 2016/17**

In response to a member's question about the recent overpayments of allowances to Vale of White Horse Councillors, the committee was informed by officers that Capita had stated that this had been caused by a data migration issue. Given the considerable sums involved, the committee was concerned at Capita's apparent failure to carry out the appropriate checks. It was agreed that the co-chairmen's letter should seek assurance from Capita that there was a robust control environment in place to ensure that such errors would not happen again.

With regard to Recommendation 9, approval of monthly data, the Acting Chief Executive reported that a deputy S151 officer would be recruited as soon as possible.

## **Training and Development (Second Report) 2016/17**

Members reiterated previously expressed concerns about the lack of information about the implementation of recommendations.

## **Performance Management 2016/17**

In response to members' questions, officers confirmed that this was a council function and provided additional information regarding the management response to Recommendation 2.

## **Environmental Protection 2016/17**

In response to a member's question about the reasons for the differences between South and Vale's processes for issuing fixed penalty notices, the committee was advised that both councils were happy with their current procedures.

The Acting Chief Executive reported that the delay in implementing some of the report's recommendations were due to capacity issues arising from the head of service post remaining vacant. He stated that his priority was to work with councillors to develop a long-term management structure that addressed current capacity gaps at head of service level and elsewhere.

## **Overdue recommendations**

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

The committee was advised that, in future, this appendix would identify which of the recommendations related to service areas managed by contractors and details of original and revised implementation dates. At its previous meeting, the committee had requested that, in future, this appendix should identify the high risk overdue recommendations. As it had not been possible to include this information this time, the committee was advised that 14 of the 59 overdue recommendations were high risk.

## **RESOLVED: to**

- (a) note the internal audit management report for the first quarter of 2017/18; and
- (b) agree that the co-chairmen send a letter to Capita:
  - expressing the committee's disapproval at the failure of Capita to send representatives to the meeting and seeking assurances that this would not happen again;
  - requesting detailed information on actions taken or to be taken to implement the audit recommendations; and
  - seeking assurance that there was a robust control environment in place to ensure that recent payroll errors will not happen again.

## **7 Internal audit management report quarter one 2017/18**

The committee considered the assurance manager's management report on internal audit for the first quarter of 2017/18.

The committee was advised that internal audit continued to provide a significant level of resource to the five councils' partnership during transition. Monthly audit manager meetings had now commenced across the partner councils to share transition, process and control environment information.

**RESOLVED:** to note the internal audit management report for the first quarter of 2017/18.

## **8 Internal audit annual report 2016/17**

The committee considered the assurance manager's annual report on internal audit activity during 2016/17.

It was the assurance manager's unqualified opinion that, based on the areas reviewed during the year, satisfactory assurance could be placed on both councils' general risk management, control and governance processes. However, the committee was advised that there has been a weakening of the control environment across both councils since 2015/16, particularly within key financial systems (assurance ratings reduced in 5 key financial systems). Overall, there was basically a sound system of internal control at both councils, but there were some weaknesses which might put some system objectives at risk.

The committee expressed concern at the weakening of the control environment but noted that the actions proposed by the Acting Chief Executive to address capacity issues by strengthening both councils' management structures would help to address this issue.

**RESOLVED:** to note the internal audit annual report 2016/2017.

## **9 External audit progress report 2016/17**

The committee considered the external auditor's audit progress report 2016/17 which set out the timetable for the key stages of the audit and the progress against key deliverables.

The external auditors also reported that EY had been appointed by the Public Sector Audit Appointments (PSAA) to continue to act as external auditors to local authorities from 2018/19 but, as yet, did not know which councils it would be auditing.

**RESOLVED:** to

- (a) note the external auditor's audit progress report 2016/17; and
- (b) congratulate EY on its appointment by the PSAA from 2018/19.

## **10 Five council's governance**

The committee considered the head of HR, IT and technical services' report on five councils' partnership governance arrangements which it had requested at its meeting on 20 March 2017.

The report detailed the extensive governance arrangements in place both at officer and councillor level. The contracts were still in the early stages, with most services only adopted by South and Vale as yet but, at this point, the report stated that the governance arrangements appeared to be robust and were not offering cause for concern. Where there were problems with the performance of contractors, there were appropriate processes in place for seeking resolution.

The head of HR, IT and technical services reported that the governance arrangements were kept under review and updated the committee on potential adjustments to the joint client team.

In response to a member's question, the committee was advised that the governance arrangements included the regular review of a risk register. It was agreed that the risk register should be circulated to committee members.

**RESOLVED:** to

- (a) note the report on the five councils' partnership governance arrangements; and
- (b) request the head of IT, HR and technical services to circulate the five councils' partnership risk register to committee members.

## **11 Audit and governance work programme**

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

## **12 Exclusion of the public**

**RESOLVED:** to exclude members of the press and public from the meeting for the following items of business under Part 1 of Schedule 12A Section 100A(4) of the Local Government Act 1972 and as amended by the Local Government (Access to Information) (Variation) Order 2006 on the grounds that:

- i. it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act, and
- ii. the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **13 Internal audit report - pro-active anti-fraud review 2016/17**

The committee considered a report summarising the outcomes of a recent internal audit pro-active anti-fraud review.

**RESOLVED:** to

- (a) note the report; and
- (b) agree that the co-chairmen write to Capita seeking assurance that the control weaknesses identified in the report have been addressed.

**14 Five Councils Partnership corporate services contracts – to review implementation of the contracts and any contractual changes required.**

The Acting Chief Executive gave a verbal update on the operation of the five councils’ partnership corporate services contracts and potential changes to these contracts.

**RESOLVED:** to note the update.

The meeting closed at 9.20 pm

Chairman

Date