

Minutes



Listening Learning Leading



OF A MEETING OF THE

Joint Audit and Governance Committee

HELD ON MONDAY 28 JANUARY 2019 AT 6.30 PM MEETING ROOM 1,
135 EASTERN AVENUE, MILTON PARK, MILTON, OX14 4SB

Present

Members:

South Oxfordshire District Councillors: John Walsh, Ian White (Co-Chairman acting as Vice-chairman) and David-Nimmo-Smith (in place of Toby Newman)

Vale of White Horse District Councillors: Mike Badcock, Debby Hallett, Simon Howell (Co-Chairman acting as Chairman) and Chris Palmer

Apologies:

Toby Newman tendered apologies.

Officers

Simon Hewings, Victoria Hughes, William Jacobs, Ian Matten, Adrianna Partridge, Ron Schrieber and Mark Stone

Also present:

Emily Hunt (Capita) and Kevin Suter (EY)

32 Minutes

RESOLVED: to approve the minutes of the committee meetings held on 27 September and 15 October 2018 as correct records and agree that the Chairman signs them as such.

33 Declarations of interest

None.

34 Urgent business and chairman's announcements

The chairman reported that he and the co-chairman had agreed to defer consideration of the "lessons learned" report on the Statement of Accounts, scheduled for this meeting, to the March committee.

35 Public participation

Gene Webb and Paul Mayhew-Archer had registered to speak on Agenda Item 14, Programme governance review (see Minute 44 below).

36 External auditor's annual audit letters 2017/18

The committee considered the external auditor's annual audit letters for 2017/18 and noted that an unqualified opinion had been issued on both South Oxfordshire and Vale of White Horse District Councils' financial statements.

Subject to the approval of Public Sector Audit Appointments Ltd., the external auditor had agreed fee variations of £25,222 and £20,871 in 2017/18 for South and Vale respectively, to take account of the additional audit work required as a result of material amendments to the Comprehensive Income and Expenditure Statements and the additional Value for Money risks identified.

RESOLVED: to

1. note the external auditor's annual audit letters for 2017/18.
2. request the chief executive to take appropriate action to recover the costs of the external auditor's additional work.

37 External auditor's report of the certification of claims and returns 2017/18.

The committee considered the external auditor's certification of claims and returns annual report for 2017/18 and noted that there had been minor amendments to South Oxfordshire's housing benefits subsidy claims and no significant issues with either councils' claims.

RESOLVED: to note the external auditor's certification of claims and returns annual report for 2017/18.

38 Internal audit activity report quarter three 2018/19

The committee considered the internal audit manager's report on internal audit activity during the third quarter of 2018/19. This summarised the outcomes of recent audit activity.

Five audits had been completed during the quarter, one of which had received limited assurance.

Brown Bins 2018/19

The committee considered the main findings and recommendations of the internal audit report. Officers attended to provide further updates and answer members' questions, however, members expressed concern that there was no Capita representative present to answer questions.

Officers were requested to circulate information as to why the sums set out in paragraph 5.2.2 of the report had been written off.

Members sought assurances that Recommendation 2b regarding correctly updating new garden waste fees had been implemented and were informed that this would be reported back to the committee in March, following completion of the follow up audit.

Overdue recommendations

The committee noted the current timetable for relaunching the recommendations database.

RESOLVED: to note the internal audit activity report for the third quarter of 2018/19.

39 Internal audit management report quarter three 2018/19

The committee considered the internal audit manager's management report on internal audit for the third quarter of 2018/19.

The committee was advised that, as of 4 December 2018, a corporate fraud officer had been engaged for a period of four months to carry out an independent assessment of the current state of the corporate fraud and cyber security risks across both councils.

In January 2019, two auditors had taken on new roles within the councils. An agency auditor had been appointed on 16 January for 6 weeks whilst recruitment took place. However, the vacancies would impact upon the delivery of the 2018/19 audit plan.

RESOLVED: to note the internal audit management report for the third quarter of 2018/19.

40 Treasury management mid-year monitoring report 2018/19

The committee considered the head of finance's report that monitored performance of the council's treasury management function for the first half of 2018/19.

The committee was informed that the investment income received by South Oxfordshire was below the budget target due to lower than expected interest rates during this period. Some details of budgeted investment income for Vale of White Horse had been omitted from the report but would be included in an addendum to Cabinet.

RECOMMENDED to Cabinets to recommend Councils to:

1. note the treasury management mid-year monitoring report 2018/19;
2. record that the committee is satisfied that the treasury management activities are carried out in accordance with the treasury management strategy and policy; and
3. request the Cabinets to consider the comments of this committee and recommend the Councils to approve the report.

41 South Oxfordshire District Council treasury management and investment strategy 2019/20

The committee considered the head of finance's report that set out South Oxfordshire District Council's treasury management and investment strategy for 2019/20 to 2021/22.

The proposed strategy had been compiled in line with revisions to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and Treasury Management Code of Practice.

RECOMMENDED to Cabinet to recommend Council to:

1. approve the treasury management strategy 2019/20 set out in appendix A to the head of finance's report;
2. approve the prudential indicators and limits for 2019/20 to 2021/22 as set out in table 2, appendix A to the head of finance's report;
3. approve the annual investment strategy 2019/20 set out in appendix A (paragraphs 40 to 81) and the lending criteria detailed in table 5 to the head of finance's report.

42 Vale of White Horse District Council treasury management and investment strategy 2019/20

The committee considered the head of finance's report that set out Vale of White Horse District Council's treasury management and investment strategy for 2019/20 to 2021/22.

The proposed strategy had been compiled in line with revisions to CIPFA's Prudential Code and Treasury Management Code of Practice.

RECOMMENDED to Cabinet to recommend Council to:

1. approve the treasury management strategy 2019/20 set out in appendix A to the head of finance's report;
2. approve the prudential indicators and limits for 2019/20 to 2021/22 as set out in table 2, appendix A to the head of finance's report;
3. approve the annual investment strategy 2019/20 set out in appendix A (paragraphs 41 to 82) and the lending criteria detailed in table 5 to the head of finance's report.

43 Work programme

The committee reviewed its work programme and noted that, in addition to the items already scheduled for the 25 March meeting, there would be three further reports:

- "lessons learned" report on the Statement of Accounts
- review of corporate fraud and cyber security risks
- programme governance review – confirmed findings and action plan

Accordingly, the committee requested democratic services to identify possible dates for an additional meeting, in consultation with the co-chairmen.

44 Programme governance review

The committee considered the report of the head of corporate services which set out the background to the establishment of the programme governance review and updated the committee on progress to date.

The committee was advised that, due to a number of governance control weaknesses being brought to the attention of the committee, the co-chairmen commissioned the review with the agreement of the council's external auditors and the full support of the chief executive. The terms of reference for the review were attached as appendix to the report.

The project team were aiming to complete 8-10 reviews by the end of March 2019, with confirmed findings and an action plan reported to the March 25 committee meeting.

Gene Webb addressed the committee and reiterated previously expressed concerns about the decision to allocate S106 funding to the Wessex Leisure Centre and an individual Cabinet member decision to enable the use of land at Mably Way.

Paul Mayhew-Archer addressed the committee and congratulated the co-chairmen and senior officers on their decision to undertake this review. However, he expressed concern about what he perceived to be a lack of transparency and independence relating to the review.

In response the chairman highlighted the involvement of the council's external auditors in the review and stated that as much information as possible would be put in the public domain.

RESOLVED: to note the report.

45 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.

46 Programme governance review - Confidential appendix

The appendix was noted.

The meeting closed at 8.10 pm

Chairman

Date