

# Minutes



Listening Learning Leading



OF A MEETING OF THE

## Joint Audit and Governance Committee

HELD ON TUESDAY 25 JANUARY 2022 AT 6.30 PM

FIRST FLOOR MEETING SPACE, 135 EASTERN AVENUE, MILTON PARK,  
OX14 4SB

### Present in the meeting room

Members:

South Oxfordshire District Councillors: Mocky Khan (Co-Chair in the Chair), Peter Dragonetti, Alexandrine Kantor (as substitute for George Levy), and Jane Murphy,  
Vale of White Horse District Councillors: Andy Foulsham (Co-Chair), Simon Howell, and Mike Pighills

Officers: Michael Flowers and Simon Hewings

### Remote attendance:

Committee Members: Amos Duveen

Officers: Harry Barrington-Mountford, Ben Border, James Carpenter, Ben Coleman, Yvonne-Cutler Greaves, Victoria Dorman-Smith, David Fairall, Sarah James, Susie Royce, Richard Spraggett, John Tredrea, and Sally Truman

Guests: Councillors Debby Hallett, Andrea Powell, Leigh Rawlins and external auditors Tom Archer and Kevin Suter

### 103 Apologies for absence

Councillor George Levy tendered apologies.

### 104 Minutes

**RESOLVED:** to approve the minutes of the meeting held on Tuesday 30 November 2021 as a correct record and agree that the chair signs them as such.

### 105 Declarations of interest

None.

### 106 Urgent business and chair's announcements

None.

## **107 Public participation**

None.

## **108 External auditor's annual audit letter - 2019/20**

The external auditor from Ernst and Young (EY) introduced the report. The external auditor explained that as the letter had been presented previously and included a results report, that he would provide an update on new matters and would respond to any questions raised by the committee. The external auditor added that the annual letter had a section for fees, but due to timing this had not yet been discussed with the councils' chief finance officer and so the committee were advised not to assume the figures were the finalised amount.

The committee asked if there had been anything the head of finance wanted to draw the committee to. The head of finance explained that this had been the first audit since the accountancy team had been brought in-house and this had occurred during the pandemic. He explained that it had been a protracted episode to get the accounts done, but that they were happy with the audit, and this would be built upon for future audits. An additional question was asked regarding the filling of vacant posts within the finance team. The answer was that the budget was increased for finance when the service was internalised, however there had been delays in filling the new posts, although now the team was at full establishment.

The committee also sought further clarification on the fee for housing benefit certification work. The external auditor explained that the housing benefit work was a non-audit task that was an additional piece of assurance work on behalf of the Department of Work and Pensions, for which there was a base fee, but where errors were found further testing was required which incurred additional fees. The external auditor concluded the question by explaining that, if requested, he could provide a written response with further details on specific errors that were found.

**RESOLVED:** to note the external auditor's annual audit letter – 2019/20.

## **109 External audit planning report - 2020/21**

The external auditor introduced the report and provided a summary of the plan and risks identified. The committee were informed that there were two presumed risks for a risk of management override of controls and incorrect revenue recognition, with these two risks were assessed as most likely to manifest from an inappropriate capitalization of revenue expenditure. Additionally, inherent risks from the value of land and buildings and the valuation of the pension scheme liability were subject to significant estimation, uncertainty, and judgment. Two new inherent risks were also identified, with the first being the recording of grants from Covid-19 and the risk of error due to the volume of grants received. The second was from errors from Community Infrastructure Levy (CIL) income and while management had taken steps to reduce the risk, there was a possibility that residual errors remained in the accounts and so this was raised as an inherent risk. The external auditor concluded with a summary of the budget of the councils' and concluded that while the work is ongoing, the drawing down of reserves meant that the latest medium term plan showed a significant medium term budget gap and so a risk would be raised regarding this.

The committee asked whether the risk in land valuation could be impacted by the change in habits from Covid-19 and changes in where people would live or work. The response was that the external auditors were not saying this was not a risk, but rather their report showed no increase nor decrease in the level of risk compared to the previous year.

A question was asked on the financial sustainability for the delivery of services. The external auditor responded that they looked into whether services were sustainable and concluded that the drawing of reserves over a sustained period of time was not sustainable in the medium term, and therefore they would want to see a direction of travel from the councils to show they would take appropriate action.

**RESOLVED:** to note the external auditor's planning report – 2020/21.

## **110 Internal audit activity report - third quarter 2021/22**

The internal audit manager introduced the report and provided an update on the progress of ongoing audit work. The officer explained that, since the last committee meeting, six audits had been completed with only one resulting in a limited assurance rating, which was property management for the 2021/22 period.

John Tredrea, the auditor, explained that internal audit had been approached by the previous property manager to conduct a review of property compliance management which could help with the corporate landlord project taking place across the councils. The aim was to help identify any high-risk areas and control weaknesses which could assist the property team in planning their approach to the revised corporate landlord model. The auditor added that the assurance rating was limited based on the number and severity of risks identified. Of these risks, one was high risk, seven medium, and one low risk. The auditor concluded that all recommendations had been agreed by both the team and the senior service management team.

The committee asked about the references to the councils' property database and what appeared to be gaps of information on it. The response was that there were some omissions in the records. It was added however that the system had been inherited from the Five Councils' Partnership, but they were upgrading the system for South Oxfordshire and the Vale of White Horse District Councils.

Another question was asked on the status of the vacant property manager post which was described as likely to be filled in May 2022. The head of development and corporate landlord responded that they were in the process of recruiting for the role with interviews having taken place in the previous week. The officer confirmed that an offer had been made but they needed to wait for paperwork to be completed before announcing the appointee, although they were optimistic the appointed individual could start in the next four weeks.

Another question was posed on there being no risk given for car parking or enforcement. The response from the internal audit manager was that a car parking and enforcement review was performed in quarter three and a satisfactory assurance rating was given. A further question was raised on whether they considered the records on property and assets to be complete. The head of development and corporate landlord responded that they had conducted a strategic property review and the intention was to have the material

items on the council's geographical information system. The review would collate a clear picture and once documented they could look at what to do with assets.

**RESOLVED:** to note the internal audit activity report – third quarter 2021/22.

### **111 Internal audit management report - third quarter 2021/22**

The internal audit manager introduced the report and explained that several updates had been made to the 2021/22 audit plan. The audit plan updates, along with explanations were detailed in item nine of the report, which proposed audits to defer, remove, or commence in quarter four. The committee asked why the actual time spent on the cash office audit was double the budgeted audit hours and the internal audit manager said they would provide a written response. In response to an additional question from the committee on the decisions to defer or remove audits, the internal audit manager explained that they had considered resourcing and appropriateness of audits at this time. In addition, these audit topics would be assessed as part of the preparation of the 2022/23 internal audit plan.

**RESOLVED:** to note the internal audit management report – third quarter 2021/22.

### **112 Future provision of external audit services**

The head of finance introduced the report and explained that since 2018-19, local authorities were able to procure their own audit services and that the current contract with Public Sector Audit Appointments (PSAA) expired in 2023/24. The officer therefore concluded that if the committee sought to continue the arrangements for the next appointing period covering 2023/24-2027/28, they would need to request that this decision be accepted by council and for the head of finance to opt into the national scheme.

South Oxfordshire District Council **RESOLVED:**

1. That Joint Audit and Governance Committee notes the reports and makes any recommendations on the proposals contained herein to Cabinet.
2. That Cabinet recommends to Council to:
  - a. Accept Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023; and
  - b. Authorise the Head of Finance to opt into the national scheme for auditor appointments for the provision of external audit services starting with the audit of the 2023/24 accounts.

Vale of White Horse District Council **RESOLVED:**

1. That Joint Audit and Governance Committee notes the reports and makes any recommendations on the proposals contained herein to Cabinet.
2. That Cabinet recommends to Council to:
  - a. Accept Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023; and
  - b. Authorise the Head of Finance to opt into the national scheme for auditor appointments for the provision of external audit services starting with the audit of the 2023/24 accounts.

## 113 Treasury management strategy - 2022/23

The head of finance introduced the report and explained that the recommended changes were discussed with finance portfolio holders. It was noted there was no significant changes, and he added the reports had benefited from a new recruit to the team, Donna Ross, who had more time to look at the strategies and a new insight into the treasury management strategies. The committee welcomed the report and supported the recommendations set out within.

South Oxfordshire District Council **RESOLVED:**

1. To approve each of the following key elements of this report, and recommend these to Cabinet:
  - a. To approve the treasury management strategy 2022/23 set out in appendix A to this report;
  - b. To approve the prudential indicators and limits for 2022/23 to 2024/25 as set out in, appendix A.
  - c. To approve the annual investment strategy 2022/23 set out in appendix A, and the lending criteria detailed in table 6.

Vale of White Horse District Council **RESOLVED:**

1. To approve each of the following key elements of this report, and recommend these to Cabinet:
  - a. To approve the treasury management strategy 2022/23 set out in appendix A to this report;
  - b. To approve the prudential indicators and limits for 2022/23 to 2024/25 as set out in, appendix A.
  - c. To approve the annual investment strategy 2022/23 set out in appendix A, and the lending criteria detailed in table 6.

## 114 Corporate risk review

The South Oxfordshire cabinet member for corporate services, policy and programmes introduced the report on behalf of herself and the Vale cabinet member for corporate services and transformation. The cabinet member explained that the risk register was a cyclical review and of particular note was that the IT risk was considered the most significant risk. The committee were reassured that ongoing work was taking place to mitigate cyber risks. The assurance team leader added that the report was a snapshot with work ongoing. In addition, the officer explained that there were a number of new risks, whilst a number of risks had moved to the service risk registers.

The committee asked whether there had been an increased risk of cyber-attacks recently and whether South Oxfordshire or the Vale had experienced any attacks which reflected the increased risk this year. The officer answered that they had noticed some increased threats and had added measures such as multi-factor authentication to reduce any risks through email. They were also working with Capita and with insurance to look at how they can satisfy to insurance markets with effective risk mitigation with one method being a new training course which would use interactive modules to help raise awareness in staff on the potential threats.

Two further questions were asked on the increased gross risk on council assets and the risk from a lack of informed decision making by councillors, with reference to planning decisions. The officer answered the first question by explaining that they had considered the risk across the UK at the time it was written, which also occurred around the time of the attack on Liverpool Hospital, which had raised the risk level and led officers to look at additional mitigation measures. For the second question, the officer explained that they did not have the information to-hand but would send a response to the committee after the meeting had concluded.

**RESOLVED:** to note the half yearly progress review of the corporate risk registers as outlined in the risk management strategy.

## **115 Annual complaints report - 2020/21**

The cabinet member for corporate services, policy and programmes introduced the report. The cabinet member explained that the key driver for complaints in the previous two years had been related to key changes that had been made during the pandemic. It was noted that South Oxfordshire had received a reduction in twenty-four complaints compared to the previous year, whilst the Vale of White Horse had received an additional thirteen complaints. The cabinet member concluded by explaining that complaints for the period April to September 2021 were also included in the report to enable the committee to see current performance.

The committee asked no questions to officers or the cabinet member but expressed appreciation for the work done by officers and for the new layout of the report which they felt enabled them to have a better understanding of performance on complaints.

**RESOLVED:** to note the annual complaints report – 2020/21.

## **116 Work programme**

The committee were informed that in addition to the items on the work programme, three new items would be presented at the meeting on the 29<sup>th</sup> March 2022 which were the following:

- a. Health and safety progress review
- b. Adoption of a revised code of conduct
- c. Statement of accounts 2021/22 outline and the statement of accounting policies

Additionally, the head of finance added that the statement of accounts were on the work programme for the March meeting, however if delays occurred it had been agreed with the chair for an extra committee meeting to be added in April.

The committee asked on whether there had been any update to the business grants item. The internal audit manager responded that work was ongoing, and they were aiming to provide an update or draft report in March. An additional question was asked on a previous decision on open items and where the committee had requested this be deferred and then followed-up in subsequent meeting. The internal audit manager responded that they would aim to have an update in March for the discussed items.

The meeting closed at 7.48 pm

Chair

Date

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