

Minutes



Listening Learning Leading



OF A MEETING OF THE

Joint Audit and Governance Committee

HELD ON TUESDAY 24 MAY 2022 AT 6.30 PM
135 EASTERN AVENUE, MILTON PARK, OX14 4SB

The meeting was live streamed, and the recording can be watched here:
<https://www.youtube.com/watch?v=4DHyQy9Rr9w>

Present in the meeting room

Members:

South Oxfordshire District Councillors:
Mocky Khan (Co chair), Peter Dragonetti, George Levy

Vale of White Horse District Councillors:
Andy Foulsham (Co chair, chairing the meeting), Ben Mabbett (substitute) and Mike Pighills

Officers: Simon Hewings, Head of Finance and Section 151 Officer.
Candida Mckelvey, Democratic Services Officer

Remote attendance:

Councillors: Amos Duveen (Vale)
Officers: Patrick Arran, Head of Legal and Democratic, Richard Spraggett, Strategic Finance Manager & Deputy S151 Officer, Victoria Dorman Smith, Internal Audit Manager.
Guests: Kevin Suter, Associate Partner for external auditor, EY.

Note: South Oxfordshire District Council may be referred to as "South"
Vale of White Horse District Council may be referred to as "Vale"
When referring to both councils, they may be referred to as "the councils"

1 Apologies for absence

Apologies were received from Councillor Jane Murphy. Apologies were also received from Councillor Simon Howell, and Councillor Ben Mabbett attended as a substitute for Councillor Howell.
Councillor Amos Duveen had to attend virtually.

2 Minutes

Resolved

The minutes of the last meeting on 29 March 2022 were approved by the committee.

3 Declarations of interest

There were no declarations of interest in respect to items on the agenda.

4 Urgent business and chair's announcements

Chair informed the committee that the meeting in July will be held remotely, as there will be no formal decision making arising from the agenda items planned for the meeting.

Later in the year, a November meeting will be held to sign off the 2021-22 accounts. The plan at this stage was to have a standalone meeting as it was a substantial item to consider. Other standing items will be considered in a separate meeting.

5 Public participation

There was no public participation.

6 External auditor's audit results report - 2020/21

Kevin Suter from EY presented two audit result reports for both councils. The report informed the committee of audit findings, in order to inform the sign off of the statement of accounts.

Kevin had reported that there had been improvement in the accounts sign off timings after a challenging few years. He thanked the officers involved for their support of the audit process, which had led to improvements.

Kevin summarised the main findings for South Oxfordshire District Council:

- The audit had been substantially completed, with a few amendments made and the documents had been corrected and the committee was provided with the final versions for signing at this meeting.
- Key areas of risk were presented in January, and this was reported in the document. The details can be found in the reports. In summary, Kevin was pleased to report no identified fraud, and also commented on some errors identified that had since been corrected by officers, which were down to error or gaps in knowledge / experience.
- On page 21, there were two findings regarding the estimate – one was yield used in the valuation of a property, the second finding was on process – a detailed valuation report hadn't been obtained from the valuer. Management had responded appropriately to ensure it would not happen again.
- Page 22 – pension valuations: gross liability estimates were made by EY – no issues reported.
- Page 23 – there were two issues, firstly an existing CIL accounting issue was being worked on, to ensure resolution. There was one small error reported, which was a significant improvement from the previous year. Secondly, Covid related grants, which were a new scheme, were considered by audit, taking into account how those funds were handled. Auditor considered that this was well managed by the council.

Overall, the few errors found were viewed as immaterial and officers were asked to respond to those to explain why those should remain unadjusted for committee approval. The unqualified opinion was in section three of the report.

The value for money arrangements were set out in section five of the report. Financial sustainability was the issue identified. The council had acknowledged previous advice, so the direction of travel was positive on this issue and was improving as the auditor would expect to see.

Small error identified in graphs on page 35. Data was for the 2021 MTFP (yellow) and the 2022 MTFP update (grey).

The financial environment was still challenging and uncertain in Local Government – this will remain an area of focus as the challenges were still present – however it was concluded that the auditor was satisfied and that the council had appropriate arrangements in place.

Committee members were invited to ask questions.

- It was confirmed that the data model for business rates had been corrected, and the accounts were now correct. A checking service will be used in future for business rates.
- Thanks were given to Kevin Suter and to the officers for quick responses to the findings.
- Positive feedback given on the report style. Suggested adding an appendix for acronyms.
- The risk of inflation was raised by a committee member – how would the council deal with that in future.

Kevin Suter introduced the report for Vale.

The key messages are similar to South. The corrections had been made and were presented ready for account sign off tonight.

- The risk identified was a duplicate accrual. A recharge issue as at South was identified at Vale too, and management has amended this for both councils. The detailed valuation report was also flagged as it was for South.
- CIL accounting issues had been resolved, and the auditor confirmed that Covid funding had been handled well.
- The unqualified opinion was given at section three of the report.

Value for money at section five - as at South, auditors had identified that managers were consistently applying process to challenge their budget assumptions and projections. The positive direction of travel means that the auditor was satisfied that Vale had appropriate arrangements in place. The uncertainty and challenges were still to be a focus for the council – the same message as South.

In response to a question, Richard Spraggett responded that the £2.9 million asset not on the register was a community centre that was given to the council by developers for £0 and was therefore not on the register. The new valuation means it had been added to the register.

Resolved:

The committee members for South Oxfordshire District Council received the audit results report 2020-21 from EY and approved of it.

Resolved:

The committee members for Vale of White Horse District Council received the audit results report 2020-21 from EY and approved of it.

7 Statement of accounts - 2020/21

Strategic Finance Manager opened this item and explained there were some minor changes made as follows:

South:

- Page 17: the prior year balance needed to be changed to £159.6 million
- Page 69: the going concern note – forecast general reserves – the figure should be 43.1 million

Vale:

- Page 37: The council's operational assets had been valued and the date should be 31 March 2021.

Questions:

- Page 19: Non-domestic rates (NDRs), a query on the deficit – it was explained by Head of Finance that it was an accounting deficit for 2020-21, some business rates were given relief due to the pandemic, so less money was collected. Section 31 grant compensates the council for that, but that doesn't go through the collection fund, making it in deficit. The council gets funding through the general fund to compensate for the collection fund deficit.
- Page 44: debtors on paragraph 9 – the key figure was the loan to Soha. The figure will contain a mix of council tax and NDR debtors.

Both councils were required to vote on whether the statement of account was to be approved. Councils voted separately and the result was as follows.

Resolved:

South Oxfordshire District Council members of the committee voted in favour and therefore their statement of accounts for 2020-21 was approved. The Co-chair for South Oxfordshire would sign these at the end of the meeting.

Resolved:

Vale of White Horse District Council members of the committee voted in favour and therefore their statement of accounts for 2020-21 was approved. The Co-chair for Vale of White Horse would sign these at the end of the meeting.

8 Annual governance statements - 2020/21

Democratic Services Officer opened this item, briefly explaining the purpose of the statement which was a record of the council's compliance with its code of governance, which formed part of the statement of accounts and was submitted alongside it. The committee had been sent signed copies.

When committee was asked if they had any comments on this item, it was commented that the statements were clear to read which was helpful to those new to what the council does.

The committee voted on whether to approve of the annual governance statement.

Resolved:

South Oxfordshire District Council members of the committee voted in favour and therefore their annual governance statement for 2020-21 was approved.

Resolved:

Vale of White Horse District Council members of the committee voted in favour and therefore their annual governance statement for 2020-21 was approved.

9 Letters of representation to the external auditor

Head of Finance informed the committee that a few pages of the South letter was missing from the agenda pack in error. To remedy this, he had circulated full printed copies to the committee and it had been republished to the website. The content was similar to that of the Vale letter, so there was no added information in the missing part, but for completeness we had now provided the full letter. Committee voted separately by council, on whether the letter shall be approved for sign off.

Resolved:

South Oxfordshire District Council members of the committee voted in favour and therefore their letter of representation from the external auditor for 2020-21 was approved. The Co-chair for South Oxfordshire would sign this at the end of the meeting.

Resolved:

Vale of White Horse District Council members of the committee voted in favour and therefore their letter of representation from the external auditor for 2020-21 was approved. The Co-chair for Vale of White Horse would sign this at the end of the meeting.

10 Work programme

Democratic Services Officer informed committee that the previous request at the last meeting for an update on the corporate landlord project was currently being looked into, and it will be added to the work programme once we have received a response from the relevant officers.

The committee suggested the following:

- Including the Homes for Ukraine scheme on the work programme as it was a use of council resources. Head of Finance added that relevant officers would look into this.
- A query as to whether we had any investments in Russia – asked for confirmation. Head of Finance added that there were no direct investments.

Resolved:

The committee noted the Joint Audit and Governance Committee work programme.

The meeting closed at 7.20 pm

Chair

Date

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