

# Minutes



## OF A MEETING OF THE

# Joint Audit and Governance Committee

HELD ON TUESDAY 28 SEPTEMBER 2021 AT 6.30 PM

### Present in the meeting room

Members:

South Oxfordshire District Councillors: Mocky Khan (Co-Chair), Sam Casey-Rerhaye (as substitute for Peter Dragonetti), and George Levy.

Vale of White Horse District Councillors: Andy Foulsham (Co-Chair – in the chair) and Simon Howell.

Officers: Michael Flowers and Simon Hewings.

### Remote attendance

South Councillor Jane Murphy (committee member)

Vale Councillor Amos Duveen (committee member)

Officers: Emma Creed, David Fairall, Trevor Gaffney, Richard Green, Bertram Smith, Richard Spraggett, and John Tredrea.

South Councillor Leigh Rawlins, present as a guest

Vale Councillor Andrew Crawford, present as a guest

### 79 Apologies for absence

South Oxfordshire District Councillor Peter Dragonetti tendered apologies.

Vale of White Horse District Councillor Mike Pighills tendered apologies.

### 80 Minutes

**RESOLVED:** to approve the minutes of the meeting held on 30 March 2021 and 5 July 2021 as a correct record and agree that the chair sign them as such.

### 81 Declarations of interest

None.

### 82 Urgent business and chair's announcements

The chair informed the committee that an additional meeting would likely take place on the 30<sup>th</sup> November 2021. The committee would be given confirmation once officers and the chairs had agreed upon a date.

### 83 Public participation

None.

### 84 Treasury Management Outturn Report 2020/21

The Head of Finance introduced the report, informing the committee that that this was the third report for the 2019/20 financial year. It was explained to the committee that at the start of the year treasury management had been insourced from Capita and responsibility had been brought in-house. The officer explained that at the start of the year the limits were changed due to the government's Covid-19 grants funding which was then distributed to businesses within the districts. Additionally, the officer explained that in terms of treasury performance, the Vale of White Horse had achieved an income above the budget. However, South Oxfordshire District Council had achieved an income below the budget, although it was noted that this was due to South Oxfordshire containing a large number of maturities which had been early in the financial year, which had been after the interest rates had become significantly lower. The Head of Finance also explained that in relation to the benchmarks which were measuring performance against other organisations, all benchmarks had been exceeded except one. This had been for South Oxfordshire District Council which had been below the benchmark for unit trust performance. It was also clarified that neither council had undertaken any borrowing in the financial year.

A comment was made that it would be helpful to see the expenditure from investments within the report. As there had been £180 million in investments, the committee requested that the expenditure throughout the year should be shown in order for the committee to see where payments were going. The officer responded to this request by explaining that for South Oxfordshire, investment income was used in the year after it was earned, so any income earned this year would fund next year's budget which was agreed at Cabinet and Council in February. The officer also confirmed that they would provide greater detail on expenditure in future reports.

In response to an additional question regarding the interest rates, the officer explained that the low income being generated was due to a significantly lower interest rate than in previous years, due to the global economic downturn during the Covid-19 pandemic. As a result, alternative ways would need to be analysed to achieve better returns.

A motion moved and seconded, to support the officer's recommendations was declared carried on being put to the vote.

**RESOLVED:** to note the treasury management outturn report 2020/1 and confirm satisfaction that the treasury activities are carried out in accordance with the treasury management strategy and policy.

### 85 Internal Audit Activity Report - Second Quarter 2021/22

The Interim Internal Audit Manager introduced the report. The committee were informed that the report for the second quarter included all limited assurance reports which had been issued during this period.

The officer explained that the last two reports from the 2021 plan had been finalised and that the review of the council's response to the Covid-19 pandemic had been completed. Two of the reports, housing benefit and council tax reduction and payroll were both limited assurance and are included within the report pack. There had been an additional follow-up report issued which also related to the previous year.

The committee was given an update that eight audits were currently in progress for the 2021/2022 plan. The Audit Manager referred to the two limited assurance reports which had been issued during the quarter. With specific reference to the housing report, the committee was told that the item contained four recommendations, with one high risk, two medium risk, and one low risk.

The new Revenue and Benefits Manager, Trevor Gaffney, was introduced to the committee. The officer clarified the high risk issue, in the Housing Benefit and Council Tax Reduction Audit report, related to overpayment debt which was described as a difficult debt to recover. The officer clarified that since 2021, they had recovery documents back and these would be completed again. Reminders, and final notices were going out again and this was reflected on the money being brought in. While the debt itself should be shrinking, there was a large amount of cash to go out which could be recovered. It was also clarified that over 60 per cent of these were on arrangement either through the Department of Work and Pensions or Capita.

In the same Housing Benefit and Council Tax Reduction Audit report, a question was raised on the £2.5 million which was to be recovered and whether this was on the balance sheets to be recovered and the possible risk of any debt being written off. Councillors were informed the debts were on the balance sheet, but a bad debt provision was implemented, and these were assessed on an annual basis.

The Audit Manager then referred to the Payroll report and introduced John Tredrea, who carried out the review and David Fairall the Strategic Payroll Manager. John Tredrea gave an overview of the report, followed by David Fairall who provided the committee with further detail surrounding the payroll information within the report. In response to a question surrounding the right to work checks which had been due two days after the current meeting. The Strategic HR Manager confirmed that the right to work checks had been completed.

In addition, in response to a concern surrounding overtime payment without backup. The Strategic HR Manager clarified that no spurious claims had been submitted, and what had been inherited had led to a push towards self-service so while the policy was clear, and reminders had been sent, the Manager acknowledged that they needed to go into further detail and collect more information when someone submits a claim. Additionally, further training and guidance was being given to Managers to ensure that overtime claims were submitted alongside the appropriate evidence.

**RESOLVED:** to note the Internal Audit Activity Report – Second Quarter 2021/22

### **86 Internal Audit Management Report - Second Quarter 2021/22**

The Interim Internal Audit Manager introduced the report. The officer explained that the output in the second quarter of 2021/22 was lower than planned due to sickness in the team and July and August had a higher level of annual leave amongst staff. The officer explained that there had been some changes to the audit plan due to management

requests and for the inclusion of the Covid-19 grants review. The internal audit plan was regularly reviewed and revised due to timings being amended. The committee was told that the payroll review for 2021/22 was due to begin but this had been postponed and would be carried out at a later date in the year, A review of training and development was to be added to the plan.

The committee requested that a table featured on page seventy was missing the unit measurements and requested it be added onto the next report. The officer confirmed this would be added onto the next report.

A question was raised from the committee for clarification on the 'non chargeable' 20 per cent figure contained within the report. The officer explained that time was structured to include commitments such as training and meetings. The officer also clarified that due to Covid-19 and the introduction of home working there had been an increase in meetings, however he anticipated that this would be reduced over time.

**RESOLVED:** to note the Internal Audit Management Report – Second Quarter 2021/22

## **87 Internal Audit - Progress Update**

The Interim Internal Audit Manager explained that this report was to show progress to the committee and also to consider a possible change to the structure of the database. The officer informed the committee that there had been 1253 entries from 2013 with 526 open or unresolved. Following a review of the existing processes, a number of these recommendations were closed off as they were completed or no longer required, leaving 322 open recommendations. Only 35 of these related to the 2013 to 2018 period and were historic and not particularly important to the current day. The officer was seeking approval to remove these from the database into another system to be tracked separately from the current recommendations.

In response to a question surrounding high risk entries and whether any were included in the total, the officer confirmed that there were high risk items. The committee considered the entries and asked that EY Auditors to be consulted before an action was taken. The committee also asked if the recommendations from before 2017/18 were removed, what would happen to the high risk items in relation to their monitoring. The officer explained that while they would be removed from the database, they would be kept in an audit folder and would be monitored by staff in its new stored location.

A question was asked whether anything could be lost or forgotten following a transfer of files to a new database. The officer explained that they were confident it could be monitored, and whilst there was always some risk involved the changes would allow the existing tracking system to be monitored more effectively going forwards.

**RESOLVED:** to:

- a. note the report
- b. seek further guidance from EY auditors to validate their perspective of the outstanding recommendations
- c. bring the report back to the committee for approval

**88 Statement of accounts 2019/20**

The committee received a verbal update regarding the Statement of accounts from 2019/20. The committee were reminded that the accounts had been approved in July by the committee and it had been agreed that in the event of material changes being identified in the finalisation of the external audit that it had been agreed to refer back to the committee for signing off. It was explained that in agreement with EY, due to a sufficient change in the accounts, they would come back to the committee for sign off. The committee were informed that they would be seeking to bring this to the committee in November.

**RESOLVED:** to note the verbal update regarding the Statement of accounts 2019/20.

**89 Work programme**

The committee noted the existing work programme whilst also recognising that two new items would be added to the programme for consideration in the additional November meeting which had been added.

The meeting closed at 8.14 pm

Chair

Date

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