

Minutes

of a meeting of the

Audit and Governance Committee



held on Thursday 19 March 2015 at 6.30 pm
at The Beacon, Portway, Wantage, OX12 9BY

Open to the public, including the press

Present:

Members: Councillors Simon Howell (Chairman), St John Dickson, Dudley Hoddinott, Pat Lonergan, Sandy Lovatt, Julia Reynolds, Judy Roberts and Andrew Skinner

Officers: Sandy Bayley, Steve Culliford, Phil Ealey, Liz Fay, Sophie Horsley, William Jacobs, Fiona Kaluza, Debbie McLatch, Adrianna Partridge and Marcia Slater

Also present: Vernon Coffrey (Capita) and Mick West (EY)

Number of members of the public: Nil

AG.39 Notification of substitutes and apologies for absence

Councillors Mohinder Kainth and Angela Lawrence had sent apologies for absence.

AG.40 Minutes

RESOLVED: to adopt as correct records the minutes of the committee meetings held on 24 September 2014 and 20 January 2015 and agree that the chairman signs them as such.

AG.41 Actions arising

The committee reviewed the actions arising report of the head of finance. The committee agreed to remove actions relating to public consultation on the comprehension of financial documents, and introducing a new process to monitor systemic control weaknesses. The remaining items were retained on the list.

RESOLVED: to retain the following items on the actions arising list:

- To call the Building Control manager to a future meeting to answer questions on outstanding actions from a previous audit

- To include the corporate complaints procedure in the councillors' induction programme following the elections in May 2015

AG.42 Declarations of interest

None

AG.43 Urgent business and chairman's announcements

None

AG.44 Statements, petitions, and questions from the public relating to matters affecting the Audit and Governance Committee

None

AG.45 Internal audit activity report quarter four 2014/15

The committee considered the audit manager's report on internal audit activity in the fourth quarter of 2014/15, being 1 January to 5 March 2015 when the audit report was sent for publication. During that period, internal audit had completed six audits and two follow-up audits. Three of these had received limited assurance ratings from internal audit and therefore were presented to the committee for consideration.

Payroll 2014/15

The payroll audit in 2014/15 had received limited assurance due to some weaknesses in the control system. The auditor had recommended changes to improve the system, most of which had been accepted by the Payroll Team Leader at Capita, the council's payroll contractor, and by the Human Resources Manager. Both officers were called to the meeting to answer the committee's questions.

The committee expressed concern that two former payroll employees had not been removed from the list of authorised payroll system users. However, it was noted that Capita had since changed its procedures to ensure this did not happen again.

The committee noted that only one of the auditor's recommendations had not been implemented: the introduction of a new staff overtime claim form. This would be completely shortly.

Councillors believed that this was an important service to keep under review and noted that internal audit planned a further audit in 2015/16.

Section 106 planning agreements, commuted sums, and Community Infrastructure Levy 2013/14 and 2014/15

Internal audit presented an audit report on the council's management of Section 106 planning agreements, commuted sum payments from developers, and the Community Infrastructure Levy for the years 2013/14 and 2014/15. The Planning Policy Manager

and the Planning Policy Officer attended the meeting to answer the committee's questions.

Three of internal audit's recommendations had yet to be implemented. While money received from developers was shown in the register of planning agreements, expenditure on the various schemes relating to each development had not been included. To link the expenditure to the register would require a partial re-write of the system software, which would take time. However, officers planned to do this work.

The auditor had recommended that a regular reconciliation of agreements recorded within the system should be undertaken with general ledger transactions to ensure income was recorded accurately. The planning officers had agreed to introduce an annual reconciliation procedure. There was also a recommendation to introduce consistent record-keeping, which had yet to be implemented.

The committee believed that improvements had been made to the management of Section 106 planning agreements and commuted sum payments, and asked that as part of the follow-up audit, checks were made that money from developments was being correctly applied to the schemes identified in the planning agreements. This would be important also when the Community Infrastructure Levy was introduced. The committee noted that this issue had been taken up by Scrutiny Committee, which received annual monitoring reports.

Temporary accommodation – second follow-up audit

The committee noted that internal audit had conducted a second follow-up audit on the temporary accommodation service to check whether its recommendations had been implemented. The audit investigations showed that three of the four recommendations had not been completed. The Head of Development and Housing and the Housing Needs Manager attended the meeting to explain why.

The committee noted that the Cabinet member for housing was due to approve the draft homelessness strategy for consultation in March 2015 following Scrutiny Committee's consideration of the draft strategy. There would then be a four-week consultation period and the results would be reported to Cabinet, probably in June.

The officers reported that the recommendation to complete the review of all policies and procedures should be completed by the end of June 2015 and the recommendation to carry out income reconciliation should be completed by the end of March 2015.

Overdue recommendations

The committee reviewed appendix 2 to the audit manager's report that set out overdue recommendations from previous audits. The online version of this report was no longer available due to changes to the corporate software used since the fire at the Crowmarsh Gifford offices. A revised version of this report would be made available to councillors online in due course but the committee noted that this was not a high corporate priority.

However, the audit manager was continuing to chase heads of service for action on overdue recommendations. All committee members would be supplied with a copy of the updated report before the next committee meeting in July. This would allow the committee to review the overdue recommendations list and summon a head of service to the next committee meeting for questioning.

The audit manager also agreed to amend the format of the summary report of the overdue recommendations by adding the number of audits conducted. The committee welcomed the overdue recommendations report, as it would provide a useful tool to monitor implementation of audit recommendations.

RESOLVED: to note the internal audit activity report for the fourth quarter 2014/15.

AG.46 Internal audit management report quarter four 2014/15

The audit manager presented the internal audit management report for the fourth quarter 2014/15. This summarised progress against the audit plan up to 5 March, and summarised the priorities for the first quarter in 2015/16.

The committee noted that following the fire at the Crowmarsh Gifford offices, the audit manager was requested to be part of the business continuity team to re-establish council services. This took all of the manager's time for several weeks. The remainder of the internal audit team continued with their audit work and made progress against the audit plan on the key financial audits. However, it was noted that not all audits planned for 2014/15 (particularly non-key audits) would be completed by 31 March due to the fire disruption to internal audit and other services. The committee noted that at its next meeting, officers planned to report on internal audit's performance against the audit plan.

RESOLVED: to note the internal audit management report for the fourth quarter 2014/15.

AG.47 Internal audit plan 2015/16

The audit manager presented a draft internal audit plan for 2015/16 and sought committee's approval of it. The plan set out the audits planned for 2015/16, some of which were joint audits with South Oxfordshire District Council. The report also set out the evaluation process used to establish priorities and how the plan was compiled. The committee supported the audit plan.

RESOLVED: to approve the internal audit plan 2015/16.

AG.48 Certification of claims and returns annual report 2013/14

Mick West, the council's external auditor from EY (Ernst & Young), presented the certification of claims and returns annual report for 2013/14. He summarised the key findings. The council had made a housing benefits subsidy claim of £27,921,157. Following the audit, this had been reduced by £8,691, which he believed to be a small fraction of the overall claim. The fee for this work was £15,488.

The committee noted the report.

AG.49 External audit plan 2014/15

Mick West, the council's external auditor from EY, presented the external audit plan for the council for 2014/15. As part of that audit work, EY would pay attention to the possibility of management override of controls, and consider the effect of the fire at the Crowmarsh Gifford offices on the closure of the 2014/15 accounts, and on how the council responded to the fire. This would include looking at what information was lost in the fire, and what information was used to re-establish services. The audit would also look at the materiality of errors, and look at how the council used its resources to provide value for money. However, no significant risks had been identified by EY at this stage. The audit fee for this work was estimated to be £62,839 plus an estimated fee of £16,650 for the certification of the housing benefits subsidy claim.

The committee noted the report.

AG.50 Audit and governance work programme

The committee reviewed its work programme that illustrated matters for consideration at committee meetings in 2015/16. The committee noted that internal audit was currently reviewing the effectiveness of the council's business continuity arrangements following the fire at the Crowmarsh Gifford offices, which provided a real-life test of the council's resilience. This report would be presented to the committee at a future meeting.

The meeting closed at 8.00 pm