

Minutes



Listening Learning Leading



OF A MEETING OF THE

Joint Audit and Governance Committee

HELD ON TUESDAY 26 JANUARY 2021 AT 6.30 PM

THIS WAS A VIRTUAL, ONLINE MEETING.

Present

Members:

South Oxfordshire District Councillors: Mocky Khan (Co-chair, in the chair), Peter Dragonetti and Jane Murphy

Vale of White Horse District Councillors: Nathan Boyd (as substitute for Councillor Simon Howell), Amos Duveen and Andy Foulsham (Co-chair)

Apologies:

George Levy and Simon Howell tendered apologies.

Officers

Hanif Brora, James Carpenter, Steve Culliford, Yvonne Cutler-Greaves, Richard Green, Simon Hewings, Bertie Smith, Sally Truman and Simon Turner

Also present:

Malcolm Haines and Kevin Suter (both from EY)

Councillors Sue Cooper, Andrea Powell, Leigh Rawlins and Anne-Marie Simpson (all from South Oxfordshire District Council)

Councillors Andy Crawford and Catherine Webber (both from Vale of White Horse District Council)

38 Apologies for absence

Councillor Simon Howell (Vale of White Horse District Council) had sent apologies or absence; Councillor Nathan Boyd attended as his substitute. Councillor George Levy (South Oxfordshire District Council) had also sent his apologies for absence.

39 Minutes

RESOLVED: to adopt as a correct record the minutes of the committee meeting held on 26 November 2020 and agree that the co-chair signs them as such.

40 Declarations of interest

None

41 Urgent business and chair's announcements

The chair reported that he would re-order the agenda, so that the statement of accounts item was considered after the public participation item.

42 Public participation

None

43 Statement of accounts 2019/20

The committee received a verbal update on progress made with the audit of the 2019/20 statement of accounts. The draft accounts had been published on the councils' websites in December. The external auditor, EY, reported that work had started at the beginning of January to audit the accounts.

44 Internal audit activity report quarter 3 2020/21

The committee considered the interim internal audit manager's report, which summarised the outcomes of internal audit activity at both councils during quarter 3 of 2020/21, being the period 1 October to 30 December 2020.

The committee reviewed the report and the main issues arising and sought assurance that actions had been or would be taken. The report set out the detail of two audits with limited assurance ratings and one follow-up audit.

Information security 2019/20

The committee noted that the information security processes used complied with the General Data Protection Regulations. The auditor agreed to enquire whether any data protection breaches had been identified.

Housing benefits and council tax reduction scheme 2019/20 - updated

The committee noted that this audit had been considered at the last committee meeting. However, the audit report had been updated with the information from the additional sampling of cases. No further issues had been discovered.

In answer to a question from a councillor, officers agreed to investigate the percentage of housing benefit cases with outstanding debts.

Elections and election payments 2019/20

The committee noted that this was a follow-up audit on elections and election payments in 2019/20. All internal audit recommendations had been agreed by the service manager.

RESOLVED: to note the interim internal audit manager's report on internal audit activity at both councils during the third quarter of 2020/21.

45 Internal audit management report quarter 3 2020/21

The committee considered the interim internal audit manager's management report for the third quarter 2020/21, being 1 October to 31 December 2020. This set out progress against the audit plan and summarised the priorities for the fourth quarter.

The audit manager reported that the internal audit team had assisted with the Covid-19 response during 2020. If asked to assist again, this would impact on the timetable for the planned audits in the audit plan. The committee thanked officers for their work assisting with the Covid-19 response and asked that the committee was kept informed if the internal audit team was required to assist further.

RESOLVED: to note the interim internal audit manager's management report for the third quarter of 2020/21.

46 Revised internal audit sampling approach

The committee considered the interim internal audit manager's report, which summarised internal audit's approach to data sampling. The committee had asked officers to review the approach taken. The report recommended changes to the approach used.

The committee noted that the review found that audit sampling was important to gather sufficient and appropriate evidence to make a judgement, express an opinion and draw conclusions without the need to check 100 per cent of transactions/data. There was no set guidance on sampling methods used but it was vital for the internal auditor to ensure that the sampled items represented the total population, whilst balancing the sampling selection method used to minimise human judgments and avoid bias. An analysis of actual errors detected in the sample should be performed to determine whether additional testing was required. The 'acceptable error rate' determined by the internal auditor would depend upon their judgment of the significance of the errors.

The review had concluded that audit sampling was a vital tool in the testing of systems and processes. Both statistical and non-statistical sampling allowed the internal auditor to draw conclusions. The internal auditor should use the testing technique that was suitable for the specific audit under review and for the sample objectives to be achieved.

Based on the review's findings, the internal audit sampling methodology had been updated as follows:

- When selecting a sample, the internal auditor would use a mixture of both statistical and non-statistical (judgmental) sampling deemed most appropriate for the audit topic and audit objective under review.
- The internal auditor should document the sampling method within the audit working papers. When non-statistical (judgmental) sampling was used, the internal auditor would include the basis/judgment for selection. Where statistical sampling was used, the internal auditor would use a random sampling tool and document the sample results obtained from the sampling tool within the audit working papers.
- Where a significant error rate had been identified, the internal auditor would consider performing additional statistical sampling.
- In the internal audit report, the auditor would document the sampling method, the number and value of errors identified, and additional testing results. If a high error

rate was identified in the initial sample, but additional sampling had not been performed, the internal auditor would document the basis for this decision.

The committee welcomed the changes made.

RESOLVED: to note the interim internal audit manager's report and that the internal audit procedures have been updated to reflect the revised sampling approach method to be used in internal audits.

47 Internal Audit - Progress Report - Grounds Maintenance In-Sourcing

The committee considered the interim internal audit manager's report. This set out the assistance given to the first phase of the grounds maintenance in-sourcing project. Internal audit had assisted and reviewed the project to establish whether internal controls were in place for new and existing processes, and that the processes met the requirements of the council's policies and procedures, particularly procurement procedures and the use of trade card accounts.

Internal audit had recommended that the following actions were taken:

- With support from the procurement team and approval from Finance, continue the work to set up trade card accounts for use solely by the grounds maintenance and public convenience teams.
- Establish a process to formally record trade card purchases against work orders/jobs in the appropriate system.
- Over the next three to six months, keep a formal audit trail or log of the frequency, volume, value and type of goods that required purchasing via trade cards. Review internally how the adoption of the trade card procedures was working for the team on a day-to-day basis.
- With support from the procurement team, investigate the use of different suppliers for the procurement of consumables, with the aim of providing a longer-term solution.
- Continue to review stock management processes and procedures for both grounds maintenance and public conveniences cleaning services.

Internal audit would continue to support the in-sourcing team by undertaking a phase two consultancy project. The focus would be to assist in drafting stock management procedures and processes, reviewing progress against key findings from phase one, along with a review of any other areas the team would find beneficial, such as a review of processes in place three to six months from the service coming back in-house. Internal audit would also undertake a planned assurance audit during 2021/22 to look at the grounds maintenance and public convenience in-house operations when fully up and running. This would be included in the 2021/22 annual internal audit plan.

The committee thanked the internal audit manager for the report and welcomed internal audit's assistance in this project to date.

RESOLVED: to note the interim internal audit manager's report.

48 Corporate risk review

The committee considered the interim head of corporate services' report, which reviewed the corporate risk register as part of the committee's bi-annual monitoring. The report highlighted the highest risks, including those arising from Covid-19 and the risks surrounding the delivery of the corporate plan.

The appendix set out the risks in detail and the mitigation to lessen their impact. Some risks had been reduced but the committee noted that some risks would never be removed completely. For example, the committee discussed the cyber security risk and noted actions taken to mitigate this. The committee also noted the actions being taken to promote staff wellbeing.

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

49 Health and safety progress review

The committee considered the interim head of corporate services' report on the bi-annual review of progress against the health and safety action plan.

The committee noted that there had been a change of emphasis in the council's management of health and safety with an increased staff resource and a refreshed health and safety policy, which had been approved by the council's senior management team. Risk assessments had been revised in response to the Covid-19 pandemic also.

The committee welcomed the report and clarity of the revised health and safety policy and urged all councillors to read the section setting out their specific health and safety responsibilities.

RESOLVED: to

- (a) note the interim head of corporate services' report on the half yearly progress review of health and safety actions and note the progress made against the corporate health and safety action plan; and
- (b) encourage all councillors to read the section of the revised health and safety policy setting out councillors' responsibilities.

50 Treasury management and investment strategy 2021/22 - South

The committee considered the interim head of finance's report on the proposed treasury management strategy for 2021/22 for South Oxfordshire District Council. The strategy was largely unchanged from 2020/21, apart from minor changes detailed in the report.

The committee noted that the common industry view was that, at present, there was no appetite for negative interest rates, although rates were likely to remain low.

The committee welcomed the strategy and made no further comments for submission to Cabinet.

RESOLVED: to recommend to South Oxfordshire District Council's Cabinet that the committee to approve:

- (a) the treasury management strategy 2021/22, as set out in appendix A to the interim head of finance's report;
- (b) the prudential indicators and limits for 2021/22 to 2023/24, as set out in appendix A to the report; and
- (c) the annual investment strategy 2021/22, as set out in appendix A to the report, and the lending criteria detailed in table 6 to that report.

51 Treasury management and investment strategy 2021/22 - Vale

The committee considered the interim head of finance's report on the proposed treasury management strategy for 2021/22 for Vale of White Horse District Council. The strategy was largely unchanged from 2020/21, apart from minor changes set out in the report.

The committee welcomed the strategy and made no further comments to Cabinet.

RESOLVED: to recommend to the Vale of White Horse District Council's Cabinet that the committee to approve:

- (a) the treasury management strategy 2021/22, as set out in appendix A to the interim head of finance's report;
- (b) the prudential indicators and limits for 2021/22 to 2023/24, as set out in appendix A to the report; and
- (c) the annual investment strategy 2021/22, as set out in appendix A to the report, and the lending criteria detailed in table 6 to that report.

52 Work programme

The committee noted, reviewed and updated its work programme.

It was further commented that Councillor Simon Howell, who had sent apologies and a substitute for this meeting, had recently expressed a wish for an internal audit to be conducted into the process used for the Vale to dispose of its property asset, Old Abbey House in Abingdon, and for this audit report to be discussed by this committee. However, following advice from officers, it had been concluded that instead of a report to the committee, following on from the strategic property review currently taking place, officers would prepare a revised property disposal protocol. This protocol would set out in detail the financial information and considerations that should be taken into account before any property disposal decision was made in future. The committee was content with this approach.

The meeting closed at 7.55 pm

Chairman

Date