

Minutes



Listening Learning Leading



OF A MEETING OF THE

Joint Audit and Governance Committee

HELD ON TUESDAY 4 JULY 2023 AT 7.00 PM

MEETING ROOM 1, ABBEY HOUSE, ABBEY CLOSE, ABINGDON, OX14
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Present in the meeting room

Members:

South Oxfordshire District Councillors: Mocky Khan (Co-Chair in the chair), Peter Dragonetti, Leigh Rawlins, and Tony Worgan

Vale of White Horse District Councillors: Emily Smith (Co-Chair), Oliver Forder, Judy Roberts, Andrew Skinner

Officers: Darius Zarazel (Democratic Services Officer), Simon Hewings (Head of Finance), and Victoria Dorman-Smith (Internal Audit and Risk Manager)

Guests: Andrew Crawford (Vale of White Horse District Council Cabinet Member for Finance and Corporate Assets)

Remote attendance:

Officers: Patrick Arran (Head of Legal and Democratic)

Guests: Richard Tebbs (EY)

1 Apologies for absence

There were no apologies for absence.

2 Minutes

RESOLVED: to approve the minutes of the meeting held on 28 March 2023 as a correct record and agree that the chair sign these as such.

3 Declarations of interest

There were no declarations of interest.

4 Urgent business and chair's announcements

The chair welcomed everyone to the meeting, outlined the procedure to be followed, and advised on emergency evacuation arrangements.

The chair then noted that EY, the external auditors, verbal report was an item of urgent business which had arisen since the publication of the agenda due to delays in completing necessary work.

The chair agreed to accept this as an urgent item in accordance with Section 100B (4)(a) Local Government Act 1972, due to the special circumstances which was the progress of the external audit of the councils by its external auditors EY. The special circumstances were due to delays in completing necessary work and the need for the committee to be updated at this meeting given the timescale until the next meeting.

Richard Tebbs from EY then provided the committee with a verbal update on the progress with the external audit of the 2021/22 statement of accounts.

The main points that the external auditor highlighted were EY's key indicators of risk and a brief introduction to their materiality.

There were two presumed risks that EY consider and assess where management could override controls; firstly, there is a presumed risk for fraud in revenue and expenditure where management could manipulate statements for a specific outcome – specifically around using capital receipts to fund revenue expenditure and property, plant, and equipment additions. EY had completed their testing for this presumed risk and found nothing of concern.

The second presumed risk EY tests for were misstatements due to fraud and error. They focused on manual entries and estimates where management would have shown a potential bias in making them. However, again, EY had tested these areas and had no concerns. Two other areas for evaluation on both councils were also indicated as being over the valuation of land and buildings and the pension liability valuation. The external auditor indicated that testing in both these areas was ongoing.

The external auditor then indicated what EY consider to be material to the financial statements; specifically, £921,000 is considered material for South Oxfordshire District Council and £851,000 is considered material for Vale of White Horse District Council. There were a few items that they were working through with management, but it was noted that they had no concerns over the information they were provided.

In terms of progress on the audit of the accounts, the external auditor informed the committee that most areas were complete, subject to quality control procedures, with some outstanding areas such as Community Infrastructure Levy income but that there were no issues arising from these areas. On property valuation, some information was proving difficult to get from the external valuers. In addition, they were working through the pension scheme changes arising from the latest triennial valuation of the pension fund and their effect on the financial statements. Finally, the external auditor noted that more detail would be provided in a report going to a future committee meeting.

The committee then asked about the particular changes to the pension scheme that were indicated but the external auditor clarified that they were mainly to do with the review process. As the triannual review has taken place, they are looking to assess

the differences between the figures reported in this compared to previous estimates.

Following on from this, members asked about the delay in the external audit process and sought confirmation that the councils were meeting their statutory requirements. In response, the external auditor confirmed that there was a deadline set out in regulations, but the regulations made provision for deadlines not being met. The head of finance also confirmed this was the case, and that there was no breach, and they were complying with the regulations. In addition, the head of finance informed members that there was a nation-wide problem with the audits and both councils were actually in advance of many other authorities and only a small minority of councils had published their 2021/22 accounts.

5 Public participation

There was no public participation.

6 Code of conduct annual report - 2022/23

The committee received the code of conduct annual report for 2022/23, presented by the head of legal and democratic. This report was brought to the committee in order to update the members on ethical standards across the authorities and provided anonymised highlights of the type of complaints the authorities received from across the period.

The head of legal and democratic noted that a substantial number of code of conduct complaints from several years ago were from interpersonal disputes on the parish council level. As the procedure for handling such complaints was considered to be lacking rigour, the head of legal and democratic worked with the Monitoring Officers from the other councils to produce and adopt an Oxfordshire wide model code of conduct. This new code, along with the free training sessions he had been running for all parish councillors, had proven to significantly improve the situation as members are clearer on what they need to declare. The chair thanked the head of legal and democratic for running these training sessions and stressed their importance.

In terms of handling complaints, the head of legal and democratic informed the committee that they now use the public interest test to decide whether an investigation is appropriate and deal with complaints robustly at source. The head of legal and democratic made it clear that interpersonal disputes will not be dealt with and that resources should be directed to the more serious breaches of the code such as bullying, harassment, and corruption. He also mentioned that complaints that are dealt with summarily would not be recorded in the report – an example of a complaint that would be addressed like this would be where the member was not acting in their capacity as a councillor.

Members also noted that the vast majority of complaints come from the town and parish councils, few for district councillors, and that the only time that outcomes of a complaint would be brought into the public domain is if the standards panel published notification of a breach. It was also emphasised that serious breaches of the code of conduct were rare. The pre- and post-election periods did see an

increase in complaints but the head of legal and democratic believed that these were potentially due to the bedding in of the new administrations at all councils and he is currently working to progress them.

Members then asked if people were made aware when a complaint was made against them and the head of legal and democratic confirmed that in most instances this would be the case, but not always. For example, where a complaint was made but disposed of summarily, the member would not likely be made aware of it.

In addition, the committee inquired as to the number of complaints received per parish, and if lots were coming from a small group. In response, the head of legal and democratic confirmed there had been examples of several complaints to the same parish but that he works proactively with the parish clerks and members to try to limit this. He also mentioned that in future reports he could also provide a confidential appendix which might provide the committee with more detail on specifics such as these numbers. The committee agreed with the suggestion as they thought that this detail would enable them to better understand the complaints and thus enable them to provide greater ethical oversight.

Members of the committee then discussed the fact that some very suitable candidates for local parishes did not stand for election due to the perceived potential risk of abuse or harassment, and they stressed that this needed to change. In response, the head of legal and democratic noted that some people were put off standing for office due to potential behaviours and that he would continue to emphasise the importance of the code of conduct at the parish council level. In addition, he noted that the Oxfordshire Association of Local Councils were pushing for the adoption of the respect and civility pledge which was intended to highlight the fact that, whilst robust debate was inevitable, respect and civility should also be at the forefront of local government. However, it was brought to members' attention that the current standards regime had no real enforcement mechanism as there was no appropriate sanctions to punish bad behaviour and that this position was unlikely to be changed by central government.

Members then questioned some of the complaints listed as bullying but where then not investigated. However, the head of legal and democratic clarified that some complaints would be listed as bullying or harassment by the complainant but might not actually be that. In those instances, he would inform the members of what behaviour is expected but the complaint would not progress beyond that.

Finally, the committee inquired into the role of the independent persons in the complaints process and in response, the head of legal and democratic informed members that there were now six independent persons assisting the council, and that they are involved in all stages of the complaints process.

Overall, as the committee was satisfied with the report and the officer's response to their questions, as well as the recommendation for future reports to come with a more detailed confidential appendix, they agreed to note it.

RESOLVED: to note the code of conduct annual report 2022/23.

7 Internal audit annual report 2022/23

The committee received the internal audit annual report 2022/23, presented by the internal audit and risk manager. The report itself was brought to the committee as it is a requirement, set out in the public sector internal audit standards (PSIAS), for an annual opinion and report to be made which can be used to inform the councils' annual governance statements. The report concluded that there is a satisfactory system of governance, risk management, and control, based on the work performed by the internal audit team.

Members noted that there was good progress made on the key financials, specifically on payroll and the internal audit and risk manager clarified that this was reflected recent changes in delivery of the payroll service, and that a side effect of this was that the time taken to do the audit had also substantially reduced. The committee then asked why there was also an improvement in housing benefits and council tax reduction areas and the officer responded that she believed there was an incident in the previous year that might have brought that figure down but would confirm it and send the reason to members.

The committee then asked about why Performance Targets (PT) 1 and 2 were off target. The internal audit and risk manager responded by clarifying that, as the internal audit plan continues to be a living document, if higher priority items come up, they are responded to as needed. Given the more flexible way internal audit works meant that historical targets, such as PT1 and PT2 are no longer as relevant as they used to be. Consequently, the internal audit and risk manager was not concerned that these targets were not met in 2022/23. The head of finance also confirmed that these scores being down could in some instances indicate that the internal audit team was working proactively with colleagues to manage priorities.

The internal audit and risk manager emphasised to members that for any items that were outstanding and high risk, they may request action owners to be called into the committee to provide a more detailed update on the status of individual actions, if required by members.

As members were satisfied with the report, and the actions contained within it, they agreed to note the report.

RESOLVED: to note the internal audit annual report 2022/23.

8 Internal audit update report - Q1 2023/24

The committee received the internal audit update report for quarter one 2023/24, presented by the internal audit and risk manager. The report summarised the outcome of the work done in quarter and the progress made against the 2022/23 and current year internal audit plans.

The internal audit and risk manager noted that there were six not implemented and high-risk actions from the information security audit and confirmed to members that she would provide a more detailed status update at the next meeting and recommended that the IT programme manager attend to answer questions. Members also asked about the status of the training compliance for agency staff,

contractors, and members on the mandatory cyber security training and stressed its importance to protect the council.

Finally, members inquired into the necessary fuel receipts and suitable evidence to claim for electric vehicle mileage. In response, the democratic services officer agreed to recirculate the guidance document, approved by Human Resources, to the committee members for their information.

As members were satisfied with the report, and the actions contained within it, they agreed to note the report.

RESOLVED: to note the internal audit update report quarter one 2023/24.

9 Work programme

The committee received the Joint Audit and Governance work programme, and the democratic services officer informed the committee about the items that were scheduled to come to the next committee meeting, on 26 September 2023, and for the other Joint Audit and Governance Committee meetings in the remainder of the municipal year 2022/23.

It was noted that an additional meeting of the Joint Audit and Governance Committee may be held on the 11 September 2023 in order to cover the statement of accounts 2021/22. However, this will be confirmed by the head of finance at a later date, following ongoing discussions with EY.

Members then agreed to add an additional item to the full meeting in September to cover the information (including cyber) security audit item and to ask that the IT programmes manager attends to respond to their questions. The internal audit and risk manager also informed members that items such as these would come to the committee in the internal audit update report but that they could be expanded upon as separate agenda items if there was specific interest from members for more information about the area.

On the statement of accounts, the head of finance provided reasons for the delay in them being seen by the committee and discussed how there were national issues. He also informed members that only 19 per cent of councils had finalised their 2021/22 statement of accounts and believes that there are proposals being put to the secretary of state for the reset of local authority accounts, details of which could be put into a report that could come to the committee in September, and that this could be added to the work programme. Members also asked as to how the problem with the statement of accounts emerged in the first instance, and the head of finance clarified that the delays were caused as the work on the previous statement of accounts was still underway when the current statement of accounts needed to be worked on and that this interference was common across local authorities. He also noted that a review into local authority audits in November 2020 came to the committee covering those issues, and encouraged members to read the report, which would be recirculated to members. Richard Tebbs, the external auditor also contributed by stating that when there are auditing issues the basic requirements for an audit increase, so more and more is needed in order to meet the minimum standards and that this effected their timetables.

In response to the uncertainty about when the Health and Safety report was coming to the committee, the democratic services officer agreed to follow this up and update the work programme when a date was agreed. In addition, members requested that mental health be a factor in the report when it did come to the committee.

The committee then asked about whether partnership decisions, such as for the Future Oxfordshire Partnership, could be included in the audit work. Although there were some discussions about the terms of reference for the committee and how the scrutiny committee were the ones to scrutinise those partnerships decisions, the internal audit and risk manager mentioned that the internal audit could map out how those decisions were made and, in that way, they could be included, but she would confirm if this was the case.

Finally, members asked if the governance process, including its comparison to other councils, was something that could be brought to the committee and the internal audit and risk manager confirmed that this would be in a report coming to the next full meeting in September as this was an area where the need for an audit was identified. Members then also mentioned that housing was a potential area for examination in the future.

Overall, as members were satisfied with the work programmes and their proposed additions, they agreed to note it.

RESOLVED: to note the work programme.

The meeting closed at 8.22 pm

Chair

Date

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