

# Audit and Governance Committee Report

## 21 March 2012

Report of: **Strategic Director**

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To: Audit and Governance Committee

DATE: 21 March 2011

**Report no. 88/11**

Wards Affected  
All

## Matters arising

### Recommendation

That members note the content of the report

### Purpose of report

1. The purpose of this report is to respond on matters arising from previous committee meetings.
2. The contact officer for this report is Steve Bishop, strategic director and s.151 chief finance officer for South Oxfordshire District Council and Vale of White Horse District Council, telephone (SODC) 01491 823831 and (VWHDC) 01235 540332.

### Strategic objectives

3. To assist the council to manage its business effectively by providing an assurance framework to monitor the overall adequacy and effectiveness of the internal control environment.

### Matters arising

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| <b>Minutes – Gifts &amp; hospitality report<br/>AG.29</b>   | <b>Committee Date – 28 September 2011</b> |
| Committee agreed with internal audit that this register should be managed by human resources staff, not the chief executive's office. |   |
| <b>IA Response</b>  | <b>Officer Response</b>                   |

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| N/A | The HR team do not consider this to be an HR function and do not have the spare capacity to accommodate this work, which Management Team accepts. The Chief Executive's office has the expertise and capacity to handle this work. |
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| <b>Minutes – Annual Governance Statement<br/>AG.32 &amp; AG.35</b>  | <b>Committee Date – 28 September 2011</b>   |
| The committee suggested introducing an investment strategy, particularly in relation to property. The updated annual governance statement (AGS) included this recommendation. |   |
| <b>IA Response</b><br>N/A   | <b>Officer Response</b><br>The recommendation in the AGS will be actioned by the council's asset management group. (In order to ensure this action is completed and to ensure the new 2011/12 AGS reflects such a strategy, this action arising will continue to appear until it is agreed as being completed by the committee) |

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| <b>Minutes – Statement of accounts<br/>AG.34</b>  | <b>Committee Date – 28 September 2011</b>  |
| The committee requested that in future years there should be clearer explanations of the larger areas of expenditure, or variances, from the original budget. |  |
| <b>IA Response</b><br>N/A   | <b>Officer Response</b><br>The statement of accounts will provide high level explanations. More detail can be found in the council's budget outturn report which is presented annually to the Cabinet and Scrutiny Committee, which can be provided as background information alongside the statement of accounts. |

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| <b>Minutes – ICT report</b>  | <b>Committee Date – 18 January 2012</b> |
| Committee would like assurances in the internal audit follow-up reports that staff leavers' names and logins had been quickly removed from the council's IT systems to prevent unauthorised access.  |   |
| <b>IA Response</b><br>Internal audit will commit in all future planned audits and follow up reviews (where relevant) to sample check recent leavers to ensure their access has been removed from individual service systems (i.e HR Pro, Agresso, Academy, payroll IAW). | <b>Officer Response</b><br>N/A          |

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| <b>Minutes – Brown Bins report</b>  | <b>Committee Date – 18 January 2012</b> |
| Committee would like to know the amount of aged debt from brown bin customers likely to be written off. |   |
| <b>IA Response</b>  | <b>Officer Response</b>                 |

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| N/A | We will be writing-off any debt prior to the start of this financial year, which amounts to about £35k. We are recovering increasingly smaller amounts of this older debt and it is simply not cost effective to keep chasing this money. Part of the £35k is made up of ghost debt e.g. invoices raised in error. |
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| <b>Minutes – Waste Mgt and Recycling report</b>   | <b>Committee Date – 18 January 2012</b>   |
| Committee would like an update of whether Biffa was complying with the council's instruction not to collect garden waste from the addresses of persistent non-payers. |   |
| <b>IA Response</b><br>N/A   | <b>Officer Response</b><br>Since the committee meeting held on the 18 January random spot checks (51 in total) of the garden waste suspension list have been undertaken by council officers.<br>86 per cent of the properties visited had not presented their bin for collection.<br>12 per cent of the bins had been emptied.<br>Two per cent of the bins had not been emptied.<br>The bins in the Vale are not micro chipped so it is not possible for the technology on the vehicle to be used to automatically prevent lifting. We are reliant on the operators cross referencing the list with the bins presented at a particular property. Biffa have already been made aware of these results and are arranging additional training for the crews concerned to ensure the suspension list is being adhered to more rigorously. |

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| <b>Minutes – Waste Mgt and Recycling report</b>   | <b>Committee Date – 18 January 2012</b>  |
| Committee would like details of the regularity of waste and recycling collection system downtime. |  |
| <b>IA Response</b><br>N/A   | <b>Officer Response</b><br>The amount of time that the onboard technology is not working correctly does vary from one vehicle to another and it is sometimes difficult to identify the cause of a particular problem. Despite this the system in any one vehicle is estimated to be down for less than one or two per cent of their operating time, with some vehicles not experiencing any downtime at all. The contractor has a very good maintenance arrangement with their supplier so any reported system faults are dealt with very quickly. |

| <b>Minutes – Systemic Control Weaknesses</b>   | <b>Committee Date – 18 January 2012</b>           |
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| Committee would like to know whether system control weaknesses are ranked, and if so how?  |   |
| <p><b>IA Response</b><br/>           Every recommendation made by internal audit has been logged within a recommendation register according to an Institute of Internal Auditors control type definition, and a point system has been used -1 point for a low risk recommendation, 2 points for a medium risk recommendation and 3 points for a high risk recommendation.</p> <p>The points have been totalled against each control type, and the top 10% control weaknesses have been listed as a systemic control weakness according to their recommendation point totals.</p> | <p><b>Officer Response</b><br/>           N/A</p> |

| <b>Minutes – Concessionary Fares</b>  | <b>Committee Date – 18 January 2012</b>           |
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| Committee would like the audit manager to review the need for an audit of concessionary fares service as the operation will be taken over by OCC in April 2012.   |   |
| <p><b>IA Response</b><br/>           This audit has been undertaken at the request of the section 151 officer, to review the integrity of the council's data and the project management of concessionary fares prior to handover. This is to ensure that should OCC not manage the handover or subsequent service effectively, audit and governance committee and management can be assured that VWHDC handed over an efficient operation and fulfilled all their duties with regard to the handover.</p> | <p><b>Officer Response</b><br/>           N/A</p> |

| <b>Minutes – Audit Commission progress report</b>  | <b>Committee Date – 18 January 2012</b>   |
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| The strategic director undertook to investigate whether any further action was necessary on the other key considerations suggested by the Audit Commission |   |
| <p><b>IA Response</b><br/>           N/A</p>   | <p><b>Officer Response</b></p> <ul style="list-style-type: none"> <li>• We had not used the Audit Commission's VFM profiles but we are now looking at them.</li> <li>• We have used the Audit Commission's</li> </ul> |

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|  | <p>Single Person Discount (SPD) comparator tool which demonstrates we have low SPD numbers compared to other councils.</p> <ul style="list-style-type: none"> <li>• The council has not formally completed the fraud prevention checklist, but the Audit Manager has a service plan target of reviewing the fraud and money laundering control environment and will incorporate the checklist into her review.</li> <li>• The DCLG plain English guide to localism has been circulated to members.</li> </ul> |
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| <b>Minutes – Treasury management strategy half year review</b>   | <b>Committee Date – 18 January 2012</b>                           |
| The committee requested that the officers circulate the latest Investec investment report to committee members |   |
| <b>IA Response</b><br>N/A  | <b>Officer Response</b><br>This was circulated on 26 January 2012 |

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| <b>Minutes – Treasury management strategy annual review</b>   | <b>Committee Date – 18 January 2012</b>   |
| The committee noted the officers' intention to introduce treasury management training for officers in the accountancy team shared with South Oxfordshire District Council. It was hoped that an update could be given at the next meeting |   |
| <b>IA Response</b><br>N/A   | <b>Officer Response</b><br>The intention is to provide training for members which will be included in the new financial year's training plan. Officers receive ongoing training via various means including specialist courses, regular briefing from our advisors and inter-council knowledge sharing. |

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| <b>Minutes – Treasury management strategy annual review</b>  | <b>Committee Date – 18 January 2012</b>  |
| The committee requested the council's asset management group to consider whether the ratio of physical property and financial investments was still fit for purpose. |  |
| <b>IA Response</b><br>N/A  | <b>Officer Response</b><br>The head of finance will prepare a report for the next AMG to consider. |

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| <b>Minutes – Business continuity and risk management update AG.52</b>   | <b>Committee Date – 18 January 2012</b> |
| The committee asked the officers to report back on the timescale for testing the business continuity arrangements; and, to confirm that business continuity arrangements are in place for the council's largest and most important contracts and that the officers are satisfied with the arrangements. |   |
| <b>IA Response</b>  | <b>Officer Response</b>                 |

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| N/A | <p>In collaboration with Oxfordshire County Council we will be undertaking a simulated walk-through test of our business continuity plans alongside an emergency plan exercise on 24 April 2012. We will results of the test to the committee.</p> <p>We have reviewed the business continuity plans of each of the council's six major contractors and confirm that they are fit for purpose.</p> |
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| <b>Minutes – Audit and Governance<br/>Committee training</b>   | <b>Committee Date – 18 January 2012</b>  |
| Committee members were requested to complete the questionnaire and return it to the officers by 11 February so that a training programme can be organised. |  |
| <b>IA Response</b><br>N/A  | <b>Officer Response</b><br>The results of the survey and an update on the training programme is included on the March meeting agenda |

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| <b>Minutes – Audit and governance<br/>work programme</b>   | <b>Committee Date – 18 January 2012</b>                                 |
| The committee requested that an updated work programme for the 2012/13 financial year be presented to the next committee meeting |   |
| <b>IA Response</b><br>N/A  | <b>Officer Response</b><br>This is included on the March meeting agenda |

STEVE BISHOP  
STRATEGIC DIRECTOR