

Minutes

of a meeting of the

Audit and Governance

Committee

held on Thursday, 22 January 2015 at 6.30 pm

at the The Lockinge, The Beacon (formerly Wantage Civic Hall), Portway,
Wantage, OX12 9BY



Open to the public, including the press

Present:

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

Officers: William Jacobs, Ron Schrieber and Bob Watson

Also present: Adam Swain (Ernst & Young)

Number of members of the public: Nil

AG.27 Notification of substitutes and apologies for absence

Councillor Angela Lawrence had sent her apologies.

AG.28 Minutes

RESOLVED: to defer the approval of the minutes of the meeting held on 24 September 2014 as a correct record and to agree that the Chairman sign them as such to the next meeting.

Matters arising:

Minute 14, Actions Arising: The reconciliations update on Building Control had been deferred to the next meeting.

Minute 21, Treasury management outturn 2013/14: A councillor asked why he had not received the answer to the question raised at the last meeting. He was informed that the response had been destroyed in the fire at the Crowmarsh Gifford office. A further copy of the response would be sent to him as soon as possible.

AG.29 Actions arising

The committee considered the actions arising report.

RESOLVED: to retain the amended procedure for monitoring systemic control weaknesses on the actions arising list for one more meeting in order to test its effectiveness.

AG.30 Declarations of interest

None.

AG.31 Urgent business and chairman's announcements

The Chairman reported that the fire at the South Oxfordshire District Council offices had caused major disruption to both South and Vale services. He thanked officers for their efforts to keep services running. Particular thanks were due to Adrianna Partridge who was the business continuity manager as well as audit manager.

AG.32 Statements, petitions, and questions from the public relating to matters affecting the Audit and Governance Committee

None.

AG.33 Internal audit activity report

This item was withdrawn.

AG.34 Internal audit management report quarter three 2014/2015

The committee considered the audit manager's report on management issues within the internal audit service during the third quarter of 2014/15.

The report stated that the internal audit team was now at full complement and remained on track to complete the audit plan. However, subsequent to the report's publication, the fire at the council offices meant that this was no longer possible. Ernst & Young had agreed that the internal audit plan would now focus on key audits, four of which had already been completed with the remaining four being included in the following year's plan. A report on the 2015/16 internal audit plan would be submitted to the next meeting.

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

AG.35 Treasury management mid-year monitoring 2014/15

The committee considered the head of finance's report that monitored performance of the council's treasury management function for the first half of 2014/15.

The Accountancy Manager (Technical), drew attention to the key points in the report, which included the following:

- The council had recently taken the opportunity to sell its claim against the insolvent estate of Landsbanki Islands hf (LBI). This had resulted in the council recovering 92.76 per cent of the amount originally deposited with LBI in 2008.
- The average return on investments as at 30 September 2014 was well above the benchmarks set out in the Treasury Management Strategy.
- Officers were aware of the exposure risks of investing in smaller building societies. However, many of the investments listed in Appendix B had either matured or would mature shortly. Changes proposed to the Treasury management and investment strategy 2015/16 would reduce the exposure risks.
- The advantage of entering into a seven-year rather than a five-year deal with Kingston upon Hull City Council was the investment income to be gained over the additional period. It also ensured that the council had a more balanced portfolio spread of investments.
- The report provided details of the treasury activities for the first six months of 2014/15 so was, by definition, in need of updating. The Treasury management strategy report would reflect changing circumstances.

RESOLVED: to

- (a) note the treasury management mid-year monitoring report 2014/154; and
- (b) record that the committee is satisfied that the treasury management activities are carried out in accordance with the treasury management strategy and policy.
- (c) request cabinet to consider the comments of this committee and recommend council to approve the report.

AG.36 Treasury management strategy 2015/16

The committee considered the head of finance's report that reviewed the treasury management and investment strategy for 2014/15.

The proposed strategy for 2015/16 included the following changes:

- (i) To add enhanced cash funds to the list of approved investment types. Investment in such funds to be subject to counterparty lending limits as per Table 5, Appendix A.
- (ii) To add certifications of deposit to the list of approved investment types. Investment in such funds to be subject to counterparty lending limits as per Table 5, Appendix A.

The above recommendations were intended to increase the number of high quality counterparties available to the council and so allow for further diversification of the investment portfolio.

RESOLVED: to recommend Cabinet to recommend to Council to

- (a) approve the treasury management strategy 2015/16 set out in appendix A to the head of finance's report;
- (b) approve the prudential indicators and limits for 2015/16 to 2017/18 as set out in table 2, appendix A;
- (c) approve the annual investment strategy 2015/16 set out in appendix A (paragraphs 32-68) and the lending criteria detailed in table 5;
- (d) to approve the report.

AG.37 Annual audit letter

The committee considered the annual audit letter 2013/14 from the council's external auditor's, Ernst & Young.

The audit had found no deficiencies that were of sufficient importance to merit being reported.

The committee noted the report.

AG.38 Audit and governance work programme

The committee reviewed its work programme, noting the business it was due to consider at its next meetings.

The meeting closed at 7.05 pm