

AUDIT AND GOVERNANCE COMMITTEE

Wednesday 23rd April 2008

COUNCILLORS PRESENT FOR THE WHOLE OF THE MEETING: The Chair (Councillor Clark Brundin), Councillors Jim Campbell, Bryan Keen and Bob Price

COUNCILLORS PRESENT FOR PART OF THE MEETING: The Vice-Chair (Councillor Craig Simmons)

OFFICERS PRESENT FOR THE WHOLE OF THE MEETING: Penny Gardner (Head of Finance), Mathew Metcalfe and Lindsay Cane (Legal and Democratic Services), John Bull (Audit Commission), Donald Sadler and Saverio Della Rocca (KPMG)

OFFICERS PRESENT FOR PART OF THE MEETING: Maria Grindley (Audit Commission)

91. APOLOGIES FOR ABSENCE

Apologies for absence were received Councillor Oscar Van Nooijen

92. DECLARATIONS OF INTEREST

None declared.

93. NOTIFICATION OF URGENT BUSINESS

None notified

94. ANNUAL AUDIT AND INSPECTION LETTER 2006/07

The Heads of Finance submitted a report (previously circulated now appended) on behalf of the Audit Commission which detailed the Annual Audit and Inspection Letter for 2006/07.

Maria Grindley from the Audit Commission introduced the report and highlighted the following key messages:

- (i) Pace of change in the Council was impressive
- (ii) Good cross-party leadership
- (iii) Robust but challenging budget for 2008/09
- (iv) Market testing of leisure was underway
- (v) The Council focused on priorities for local people
- (vi) Leadership with other partners was good, e.g. on the recent flooding which took place in the City in 2007

Maria Grindley said that the Audit and Inspection Letter was a positive letter and that for the coming year, work should continue on making the Council's priorities clear, continued work on value for money, transformation, increased partnership working and risk management.

Councillor Price asked with regard to transformation questions concerning accessibility to the Council's services. In response Maria Grindley said that the organisation had to focus on accessibility to all of its services and not just one part. Councillor Brundin added that the Council was undertaking a comprehensive restructuring of customer services across the whole Council.

Councillor Price was disappointed that there had been no improvement in the use of resources, and that the work, which had previously been undertaken on diversity in the Council had taken a step backwards through lack of Officer and Member input. He said that this was now changing, but had not been highlighted in the letter. He said that the partnership working was good, however this had been rather narrow and focussed on specific issues such as the flooding, and this needed to be widened to include partnership working on culture.

Councillor Brundin said with regard to health issues, there was little that the Council could do, as this was an area outside of the Council responsibility, however it was an area where partnership working would be good, as the Council would be able to influence the partners.

Councillor Simmons with regard to Health Scrutiny asked the Audit Commission if it had a view on the Council's proposed restructuring of Scrutiny. In response Maria Grindley said that the Audit Commission did not have a view as the restructuring was a matter for the Council, however the Audit Commission would look at the scrutiny role if it caused problems etc. in the provision of services.

Councillor Campbell added that the recently established Neighbourhood Action Groups was an example of good partnership working.

The Committee agreed:

- (a) To note and welcome the Annual Audit and Inspection Letter 2006/07;
- (b) To support partnership working in the influencing and delivery of services.

95. DATA QUALITY REVIEW – 2006/07 AND 2007/08 – AUDIT COMMISSION

The Heads of Finance submitted a report (previously circulated now appended) on behalf of the Audit Commission, which detailed the work, which the Audit Commission had undertaken on data quality during the 2006/07 and 2007/08 assessment.

John Bull from the Audit Commission introduced the report.

Councillor Price said there was a large amount of data on Corvu, however this was not always accessible by Members, and what came to Committee in reports

may not have been fully read or understood. Councillor Brundin said there was a need to ensure that Members knew what they were looking for and what would and would not be reported to Committee. This was not the culture in Oxford City Council at the moment. Members also needed to know what equipment/facilities were available for them to use to access this information.

Councillor Campbell said that data quality as a heading was a switch-off to many members and the importance of it had to be highlighted in the new Member training that would be taking place following the forthcoming elections. Councillor Brundin said that this issue should be highlighted to all Members not just the new ones.

The Committee agreed:

- (a) To note and welcome the positive report;
- (b) To request Officers as part of Member training, include the importance of data quality and how Members could access information.

96. PLANNING REVIEW FOLLOW-UP – AUDIT COMMISSION

The Heads of Finance submitted a report (previously circulated now appended) on behalf of the Audit Commission, which detailed the findings of a review of the quality of the City Councils Planning Service.

The Committee agreed to defer consideration of the report to the June 2008 meeting of the Audit and Governance Committee.

97. PROGRESS REPORT 2007/08 AUDIT PLAN – AUDIT COMMISSION

The Heads of Finance submitted a report (previously circulated now appended) on behalf of the Audit Commission, which detailed the progress the Audit Commission with regard to their plan for Audits for 2007/08.

John Bull from the audit Commission introduced the report and highlighted the following which was detailed in appendix 1 to the report:

- (i) Use of resources – Worked had slipped on this piece of work, however work would commence in June 2008;
- (ii) Westgate development – Draft report had been submitted to the Interim Director for City Regeneration;
- (iii) Asset Management – Fieldwork was to begin shortly;
- (iv) Income from fees and charges – Fieldwork to begin shortly;
- (v) Housing Strategy Inspection – Fieldwork to begin in May 2008

Councillor Simmons asked what the brief was for the Income from fees and charges work. In response John Bull said that an initial high-level piece of work

would be carried out and the results of this would be reviewed and a brief drawn up from this.

Councillor Campbell said that the income from fees and charges was an important issue as it covered large sums of money, and he welcomed the work to be carried out on this area.

Penny Gardner said that meetings with Members would take place as part of the inspection work, as it was important that Members were involved.

The Committee agreed to note the report.

98. AUDIT AND INSPECTION PLAN 2008/09 – AUDIT COMMISSION

The Heads of Finance submitted a report (previously circulated now appended) on behalf of the Audit Commission, which detailed the plan for audit and inspection work which the Audit Commission proposed to undertake during 2008/09.

John Bull from the Audit Commission introduced the report and said that much of the work was mandated by the Audit Commission, however it had been agreed that there would be an inspection on regeneration, there would be a continuing programme of value for money reviews and partnership working, which would be part of the use of resources work.

Councillor Price asked about the Comprehensive Area Assessment (CAA) Lead Role. In response Maria Grindley said that the CAA was still being developed for 2008/09 and that the Lead Officer would be Rob Hatherway. She said that while he would come to future meetings of the Audit and Governance Committee meetings, should did not know if this would be for every meeting, as his role covered the other district Councils in Oxfordshire. She added that Rob Hatherway would also be responsible for the direction of travel work across the County and that 2008/09 would be used to find out more about each of the districts and that from 2009/10, a robust CAA would be established.

The Committee agreed to note the report.

99. INTERNAL AUDIT PROGRESS 2007/08 – KPMG – PROGRESS, FINDINGS AND PERFORMANCE

The Heads of Finance submitted a report (previously circulated now appended) on behalf of KPMG, the Councils Internal Auditors, which provided a statement of progress on the 2007/08 Audit Plan which detailed the following:

- (i) Statement of Progress against the Internal Audit Plan
- (ii) Recruitment and Retention follow up
- (iii) Recycling
- (iv) Performance information

Donald Sadler introduced the report and made the following comments with regard to Progress against the Internal Audit Plan:

- (i) Audit 1 – Risk Management - Draft report issued
- (ii) Audit 6 – Grants to voluntary bodies – Final report to be issued shortly
- (iii) Audit – Housing Regeneration – Draft report to be issued shortly
- (iv) Contingency – Final report to be issued on the Oxford Racial Equality Council
- (v) Audit 19 – Homelessness – Work in progress
- (vi) Audit 23 – Value for Money planning – Work in progress

Councillor Price asked with regard to Audit 23, Value for Money, SOHA Contract, was there any lessons to be learned from the loss of this contract. In response Saverio Della Rocca said that there were no specific learning points on how the bid could have been better. Donald Sadler said that he was happy to provide further information if Members wished.

Recruitment and Retention Follow Up

Donald Sadler said there had been steady progress although there was some overlap with the Payroll Audit. He said that of the 11 recommendations, 5 had been implemented, 3 had been partially and 3 had not. In response to questions on the recommendations, he said that Human Resources had been through a recent restructure which had led to recommendations not being implemented, however the key recommendations had been implemented and he was confident that all of the recommendations would be implemented, now that the restructure had taken place.

Councillor Campbell said that the single status issue had affected Human Resources with additional workloads. The appraisal system was also an area that needed to be reviewed to ensure that it was not just a “tick-box” exercise that staff did. He also suggested that the Finance Scrutiny Committee review the progress of the recommendations not yet implemented.

Councillor Price added that the induction process was also an area that needed to be reviewed as did the probation process, for new employees, both seemed not to be effective.

Recycling

Donald Sadler highlighted the areas of good practice, but noted that there were still a number of areas for improvement in the service.

Performance Information

Councillor Brundin with regard to the poor performance of management in responding to draft KPMG reports, said it was very important that management responses were received by KPMG as soon as possible and within the target time of 10 days. He said that KPMG were here at the request of the City Council to help the

Council do a better job and it was the responsibility of the Council to assist them in this.

Councillor Price said the management response performance had again deteriorated and it was not acceptable. A response to be sent within the 10 days and if further clarification was needed etc. this should not hold up the initial response being sent.

The Committee agreed:

- (a) With regard to the Statement of Progress against the Internal Audit Plan to note the statement.
- (b) With regard to the Recruitment and Retention Follow Up:
 - (1) To request the Finance Scrutiny Committee or its successor following the ongoing Scrutiny structure review to receive reports detailing progress on implementing the Human Resources policies and procedures;
 - (2) To request KPMG to submit a further follow up report to the Audit and Governance Committee in 6 months time on progress.
- (c) With regard to the Payroll Audit, to welcome and note the report;
- (d) With regard to the Recycling Audit to welcome the efficient and effective implementation of the new waste collection and recycling scheme;
- (e) With regard to Performance Information, to again seek a significant increase in the performance for management responses to draft reports from KPMG, so that responses were sent to and received by KPMG within the target 10 days.

100. DRAFT INTERNAL AUDIT PLAN 2008/09 - KPMG

The Heads of Finance submitted a report (previously circulated now appended) on behalf of KPMG, the Councils Internal Auditors, which detailed the draft Internal Audit Plan for 2008/09.

Saverio Della Rocca introduced the report and said that initially the number of Audit days totalled 400, however there were proposals to reduce this as follows:

- (i) Reduce the number of audit days for sickness absence by 10 days
- (ii) Reduce the number of audit days for Change/Project Management by 15 days
- (iii) To reduce the number of audit days for IT by 30 days
- (iv) To reduce the number of audit days for Choice Based Lettings by 10 days
- (v) To reduce the number of audit days for an additional audit for an independent review of validation of single status pay model base data, by 5 days

If these reductions were accepted it would reduce the number of audit days by 60 days, bringing the total number of audit days to 300, which was within budget.

Saverio Della Rocca believed that the proposed plan was a balanced plan with a good spread of projects for the 2008/09 year.

Councillor Price raised concerns on risk management which he felt was still not embedded within the authority. He also raised concerns on the sickness absence management and felt that these audit days should not be reduced.

Councillor Campbell said it was important that a message was sent to the Chief Executive that sickness absence was a very important issue which had also been raised in the 1 in 10 sessions with employees and that the Audit and Governance Committee would be keeping a close watch on progress to reduce the amount of sickness absence.

Councillor Keen supported Councillor Price comments and felt that KPMG should review the sickness absence. Penny Gardner said that with work currently underway on sickness absence to review it now could be too soon and that maybe placing a review in 2009/10 would be a better approach.

Councillor Simmons was concerned at the proposed reduction in audit days for Choice Based Lettings and maybe instead the number of audit days for car parks should be reduced instead. Councillor Brundin said there had recently been a very positive report on Choice Based Lettings and maybe more time should be given before it is reviewed as it was a relatively new initiative. Saverio Della Rocca added that the report on Choice Based Lettings was a value for money report and not an end to end review of the process. He added that the sickness absence would be a good review area, but accepted that timing of any review was an issue to consider.

Saverio Della Rocca said that the plan was a flexible one, which as the year progressed could be amended, and include other reviews.

The Committee agreed to approve the Internal Audit Plan for 2008/09 and the proposed reduction in audit days, however noting that it wished a review of sickness absence and Choice Based Lettings at the most appropriate moment, with the Head of Human Resources advising on the most appropriate timing for a review of sickness absence.

101. RISK MANAGEMENT STRATEGY

The Heads of Finance submitted a report (previously circulated now appended) the purpose of which was to seek approval of the updated Risk Management Strategy and outlined the risk management activity during 2007/08.

Penny Gardner introduced the report and said that the Audit and Governance Committee would receive a further report on the Risk Register and following this quarterly reports on Risk Management and the Risk Register.

Councillor Brundin welcomed the evidence of progress in risk management. Councillor Price said that it is important that the Audit and Governance Committee

also received the Risk Register and the Risk Reduction Strategy for it to consider the next steps.

The Committee agreed to note the report and to request the Head of Finance to submit to the next meeting of the Audit and Governance Committee the Risk Register including Risk Reduction Strategies for consideration.

102. MINUTES

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 4th March 2008

103. MATTERS ARISING FROM THE MINUTES

None raised

104. FUTURE AGENDA ITEMS

None detailed on the agenda.

105. DATES OF FUTURE MEETINGS

The Committee agreed to note that the Audit and Governance Committee would meet on the following dates at 9.30am in the Town Hall:

Tuesday 24th June 2008
Tuesday 19th August 2008
Friday 26th September 2008
Tuesday 11th November 2008
Tuesday 9th December 2008
Tuesday 13th January 2009
Tuesday 24th March 2009
Tuesday 21st April 2009

The meeting started at 9.35am and finished at 10.55am