

AUDIT AND GOVERNANCE COMMITTEE

Wednesday 25th June 2008

COUNCILLORS PRESENT FOR THE WHOLE OF THE MEETING: The Chair (Councillor Clark Brundin), Councillors Stephen Brown, Bryan Keen and Dee Sinclair (Substituting for Councillor Oscar Van Nooijen)

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

OFFICERS PRESENT FOR THE WHOLE OF THE MEETING: Mathew Metcalfe (Legal and Democratic Services), Peter Sloman (Chief Executive), Sarah Fogden and Penny Gardner (Finance and Asset Management), Donald Sadler (KPMG), John Bull, Maria Grindley and Stephen Shuttleworth (Audit Commission)

OFFICERS PRESENT FOR PART OF THE MEETING: Jeremy Thomas (Head of Legal and Democratic Services)

1. ELECTION OF CHAIR FOR THE 2008/09 COUNCIL YEAR

The Committee agreed to elect Councillor Clark Brundin as the Chair for the Council Year 2008/09.

2. ELECTION OF VICE-CHAIR

The Committee agreed to elect Councillor Craig Simmons as the Vice-Chair for the Council Year 2008/09.

3. APOLOGIES FOR ABSENCE

Apologies for absence were received from Peter McQuitty (Policy, Performance and Communications) and Councillors Beverley Hazell and Oscar Van Nooijen.

4. DECLARATIONS OF INTEREST

None declared.

5. NOTIFICATION OF URGENT BUSINESS

None notified.

6. STATEMENT OF ACCOUNTS

The Head of Finance submitted a report (previously circulated now appended) which detailed the Statement of Accounts for 2007/08 and set out the financial results of the City Councils activities for the 12 months up to 31st March 2008.

The Head of Legal and Democratic Services submitted the Draft Annual Governance Statement (previously circulated now appended).

Penny Gardner (Head of Finance) introduced the Statement of Accounts 2007/08 and in response to questions and comments said that there were changes to how fixed assets were recorded as this now included all of the Councils housing stock at both original costs and revaluation. She said that the following SORP Treasury guidance the Council also had to risk assess all of its debts.

Councillor Price asked why the level of contribution to self-insurance had increased. In response Penny Gardner said that this had been done due to the floods in 2007 and following an Actuarial Assessment and it was felt prudent to add an additional £100k to the fund. She added that many local authorities self insured against risk.

Councillor Simmons said that the Oxfordshire County Council when it transferred an asset such as a school, it was taken off the books and wondered if this was the case at the City Council. In response Penny Gardner said that there had been no transfers of assets at the City Council, however should this happen, the City Council would retain the freehold of the asset.

Councillor Simmons was concerned at the changes to provisions and asked if these changes were prudent. In response Penny Gardner said that provisions were set up for specific issues and that these changes reflected the need not to call upon some provisions set up in 2006/07. Councillor Price added that apart from provisions there were also the Councils earmarked reserves, which could be called upon.

Jeremy Thomas introduced the draft Annual Governance Statement which formed part of the Statement of Accounts 2007/08.

Councillor Price said that the document required more evidence that the Council was achieving the outcomes. He said the document was more about process than the outcomes and achievements.

Councillor Brown felt that the document was a starting point and as time progressed would contain more evidence and examples.

Jeremy Thomas said that the first part was backward looking on what processes were in place. The second part was forward looking and would identify any gaps in the information. He said that this was a first attempt at an Annual Governance Statement as this was a new requirement for local authorities to produce.

Peter Sloman suggested that Officers would add information into the document as it was a draft, but publish these as changes as he did not wish to see other plans/documents/strategies reported in this documents and that while having plans was good, it did not mean that their contents were communicated in a format that people found useful such as a bullet point format as used in the draft Annual Governance Statement.

The Committee agreed:

- (a) With regard to the Statement of Accounts 2007/08, to recommend Council to approve the Statement of Accounts 2007/08;
- (b) With regard to the Draft Annual Governance Statement 2007/08 to:
 - (1) Recommend Council to approve the Draft Annual Governance Statement;
 - (2) To request that Officers in consultation with the Chair of the Audit and Governance Committee and the Group Leaders, continue to develop the statement further as it was a continuing journey of improvement;
 - (3) To request Officers submit to the Audit and Governance Committee each quarter an update report on the Annual Governance Statement on how it was being developed;
- (c) To thank Officers for their work in producing the Statement of Accounts 2007/08.

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

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

John Bull from the Audit Commission introduced the report.

Members asked about the Oxfordshire Partnerships Audit. In response Maria Grindley said that Lorraine McMullen at the Audit Commission had commenced the audit and it was hoped that a draft report would be issued by September 2008.

Peter Sloman said that the partnership between the City Council and the Audit Commission was working well, and that the partnership work had been commissioned by all of the district councils in Oxfordshire. He added that it was good that the City Council was leading on some of the partnership work.

The Committee agreed to note the report and the positive collaborative work that has been undertaken between the City Council and the Audit Commission.

8. PLANNING REVIEW FOLLOW-UP – AUDIT COMMISSION

The Head 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 Services.

Stephen Shuttleworth from the Audit Commission introduced the report. He said that progress generally on the recommendations had been positive, however there were still some areas of concern.

Stephen Shuttleworth said that the areas for development detailed in the report, were based on the evidence available to the Audit Commission at the time of the audit and so did not include updated data for January and February 2008. He said that the core of recommendations were to go underneath the day to day service delivery areas and make better use of performance monitoring and better use of available data.

In response to questions, Stephen Shuttleworth said that the Councils net costs for the service were overall not bad, however once you looked behind these figures there were some areas of high cost, but this was offset by higher income levels. Michael Crofton-Briggs said that in Development Control, there was high cost and high income, however there were major developments taking place in the City and this meant higher fees. He said that the Council needed experienced staff and to recruit these staff you had to pay the market rate in salaries.

Michael Crofton-Briggs in response to questions concerning planning staff, said that the Council needed experienced staff and to recruit these the Council had to pay the market salary. He said that staff, were appointed on a full time, permanent basis, however there were occasions when the Council employed temporary staff for specialist work.

Councillor Simmons felt that the conclusions which underpinned the report were not a fair reflection and that the evidence did not back up these conclusions. He said that the local plan was challenging for the City and that residents were a lot happier with the planning process as more, through Area Committees, now understood the process. He added that he had not seen a poor presentation by Officers at an Area Committee and this was supported by other Councillors on the Committee, although they accepted that the venues where the meetings were held could pose restrictions on Officers which sometimes affected the presentation.

The Committee agreed:

- (a) To support all of the 6 recommendations detailed in the report;
- (b) To request Officers to submit a further report to the December 2008 meeting of the Audit and Governance Committee, detailing the progress made on the implementation of the recommendations;

- (c) To note that Members felt that the presentation on planning applications given by Officers at Area Committees were good, but recognised that the venues, while on the whole were well suited to the meetings, had at times caused problems for the presenting Officers.

9. REVIEW OF WESTGATE REDEVELOPMENT – AUDIT COMMISSION

The Head of Finance submitted a report (previously circulated now appended) on behalf of the Audit Commission which had produced a report following a review of the process etc. regarding the Westgate Centre redevelopment.

John Bull from the Audit Commission presented the report and said that the findings were overall very positive and highlighted the recommendations detailed in the report. He said that the issue would be revisited as the redevelopment progressed.

The Committee agreed:

- (a) To note the report and the Action Plan for the implementation of the recommendations;
- (b) To note that the issue would be revisited as the redevelopment of the Westgate Centre progressed.

10. INTERNAL AUDIT SERVICE 2007/08 – PROGRESS AND PERFORMANCE REPORT (FINAL) - KPMG

The Head of Finance submitted a report (previously circulated now appended) on behalf of the Councils Internal Auditors, KPMG, which gave a statement of the overall progress that was made against the 2007/08 Internal Audit Plan and detailed the findings from the following audits:

- (i) Grants to voluntary bodies
- (ii) Homelessness
- (iii) Housing Regeneration
- (iv) Risk Management
- (v) Performance Information

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

Statement of Progress

All areas of the Internal Audit Plan for 2007/08 had been reviewed and that there would be 4 follow-on reports from this.

Grants to Voluntary Bodies Audit

KPMG had given the Grant Giving Process a “Satisfactory” rating and the “Weak” rating for the Open Bidding Process. Donald Sadler said that that the procedures and systems were fine, but the execution of this was not what it should be as those receiving the grants in some cases were not following the criteria laid down in the procedures.

Councillor Price felt that the report was accurate, but he was very concerned with the areas identified as requiring further development and that the process for the 2008/09 grants years should be different from the past and address these areas of concern as a priority. He added that Officers were not good at what doing what they had been asked to do and that this was an area that needed to be monitored by Members. When asked Peter Sloman did not disagree with Councillor Price.

Homelessness Audit

KPMG had given the Homeless Audit a “Good” rating. Donald Sadler highlighted that while there were two areas for further development, there were many areas of good practice.

Housing Regeneration Audit

KPMG had giving the Housing Regeneration Audit a rating of “Satisfactory”. Members felt that there should be ongoing reporting to Members on the progress of the Rose Hill regeneration project. In response Peter Sloman said that a Capital Working Group had been resurrected by the Heads of Finance, which would be monitoring the progress. He added that there would be a Project Register established for all capital projects, which would be monitored by the various senior management boards.

Risk Management Audit

KPMG had given the Risk Management Audit a rating of “Satisfactory” for Corporate Processes and a rating of “Weak” for Service Level Processes.

Members commented that while there had been progress, there were still much to do.

Performance Audit

Donald Sadler said that all the performance areas had seen an improvement on the 2006/07 performance targets, but accepted that there was still work to do on some areas, such as the target for management responses to routine audit reports being sent back to KPMG within 10 days, which had only achieved 31% of the 100% target.

The Committee agreed:

- (a) With regard to the Statement of Progress, to note the information;

- (b) With regard to the Grants to voluntary bodies Audit report:
 - (1) To note the report rating of “Satisfactory” on the Commissioned Partnership and Grants;
 - (2) To note the report rating of “Weak” on the Open-Bidding Grants;
 - (3) To refer the report to the Scrutiny A Committee as the Audit and Governance Committee were concerned with the current position of the Grants process and wanted the issues and recommendations raised in the audit to be implemented and monitored and felt that the Scrutiny A Committee was best placed to undertake this work.

- (c) With regard to the Homelessness Audit report:
 - (1) To congratulate the Officers for their work in achieving an overall rating of “Good” following the audit;
 - (2) To pass a copy of the report to the Members of the Communities and Partnership Scrutiny Committee for information only.

- (d) With regard to the Housing Regeneration Audit report:
 - (1) Note the report and the report rating of “Satisfactory”;
 - (2) To request officers to provide Group Leaders with details of the monitoring that takes place with regard to the Rose Hill regeneration scheme.

- (e) With regard to the Risk Management Audit report:
 - (1) To note the report rating of “Satisfactory” on the Corporate Processes;
 - (2) To note the report rating of “Weak” on Service Level Processes;
 - (3) To welcome the report and that progress had been made on the recommendations detailed within it.

- (f) With regard to the Performance Information Statement, to note the information and the improvement in the achievement of targets compared to 2006/07 and to increase the performance target for management responses to routine audit reports to be with KPMG from 10 days to 15 days.

11. INTERNAL AUDIT – ANNUAL REPORT 2007/08 - KPMG

The Head of Finance submitted a report (previously circulated now appended) on behalf of the Councils Internal Auditors, KPMG, which provided a commentary of internal audit activity for the 2007/08 year and in particular set out the following:

- (i) Their assessment of the adequacy and effectiveness of the Authority's risk management, control and governance process;
- (ii) the work undertaken to formulate their assessment
- (ii) The performance of internal audit against the plan for the year.

Donald Sadler introduced the report.

The Committee agreed to note the report and to thank KPMG for their work with Officers during the 2007/08 Audit period.

12. INTERNAL AUDIT PROGRESS 2008/09 – PROGRESS - KPMG

The Head of Finance submitted a report (previously circulated now appended) on behalf of the Councils Internal Auditors, KPMG.

The Head of Finance submitted a further amended report (previously circulated now appended) on behalf of the Councils Internal Auditors, KPMG, which gave a statement of progress against the Internal Audit Plan for 2008/09.

Donald Sadler, KPMG, introduced the report.

The Committee agreed to note the report and that the Value for Money (VFM) work was very important to the Council as it worked to improve its services.

13. VALUE FOR MONEY AND EFFICIENCY ACTION PLAN

The Head of Finance submitted a report (previously circulated now appended) at the request of the Leader of the Council. The report set out the next steps in improving the Councils Value for Money (VFM) and was considered by the City Executive Board at its meeting on 11th June 2008 which agreed the recommendations as set out in the report and that regular (quarterly) updates be given to the Scrutiny A Committee and the Audit and Governance Committee.

Penny Gardner introduced the report.

The Committee agreed:

- (a) To note the report;
- (b) To request Officers submit further quarterly reports to the Committee, detailing actions progressed/implemented against the Action Plan.

14. CORPORATE RISK REGISTER – OUTTURN REPORT FOR 2007/08

The Head of Finance submitted a report (previously circulated now appended) which detailed the outturn of the 2007/08 Corporate Risk Register, and detailed how the Register would be updated and monitored in 2008/09.

Penny Gardner introduced the report and said that this was a first stage of a regular reporting process and that work was underway to refresh the Risk Register and that a Risk Group had been created of Service Heads to look at the Register.

Councillor Price said that this was a work in progress, but there was the need for risk management to be embedded within the Corporate Plan.

Councillor Brown felt it was important that Members were part of the risk management process.

Peter Sloman said that a great deal of work had been carried out by Managers on risk management and ambitious targets had been set and while good progress had been made there was still a long way to go.

The Committee agreed:

- (a) To note the report and that work was progressing to refresh the Risk Register;
- (b) To request the Head of Legal and Democratic Services to circulate more frequently the list of Member training dates.

15. MINUTES

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 23rd April 2008.

16. MATTERS ARISING FROM THE MINUTES

None raised

17. FUTURE AGENDA ITEMS

The Committee agreed to note that the following reports would be submitted to future meetings of the Audit and Governance Committee:

- (i) Annual Governance Statement (Quarterly update)
- (ii) Planning Review Follow-up – Audit Commission (December 2008)
- (iii) Westgate Centre redevelopment – progress updates (Audit Commission)
- (iv) Internal Audit Progress 2008/09 – KPMG – Progress, Findings and Performance
- (v) Value for Money and Efficiency Action Plan – Progress and Implementation – Quarterly update

18. DATES OF FUTURE MEETINGS

The Committee was informed that Council had agreed a programme of Committee meetings for the Council Year 2008/09 and that the Audit and Governance Committee would be meeting at 5.00pm on the following dates:

Thursday 24th July 2008
Tuesday 23rd September 2008
Tuesday 25th November 2008
Tuesday 23rd December 2008
Tuesday 27th January 2009
Tuesday 24th March 2009
Tuesday 28th April 2009

Councillor Brundin said that he was not happy with the decision to start Committee meetings at 5.00pm as there had not been any consultation with Members and that for example there could be particular issues with external Officers such as KPMG, the Councils Internal Auditors and the Audit Commission attending these meetings.

Peter Sloman said that the decision to programme meetings starting at 5.00pm followed an informal request from the Leader of the Council and the new Administration.

Representatives from KPMG and the Audit Commission when asked about the later start times, said that it would not necessarily cause problems and that they would ensure that Officers would be in attendance.

Councillor Brown said that he felt the later start was better for him personally, but noted that having the majority of all the Committee meetings taking place on Tuesdays and Wednesdays was causing a log-jam of meetings.

Peter Sloman said that the Committee could, if it wished alter the date and start time of its meetings.

The Committee agreed:

- (a) To note the concerns of some Members at the lack of consultation on the move to all Committee meetings starting at 5.00pm or later;
- (b) To note that it is wished the Committee could change the dates and times of its meetings;
- (c) To note that the Audit and Governance Committee would meet on the following dates at 5.00pm in the Town Hall, Oxford:

Thursday 24th July 2008
Tuesday 23rd September 2008
Tuesday 25th November 2008
Tuesday 23rd December 2008

Tuesday 27th January 2009
Tuesday 24th March 2009
Tuesday 28th April 2009

The meeting started at 5.00pm and finished at 7.07pm