

AUDIT AND GOVERNANCE COMMITTEE

Tuesday 23rd September 2008

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

Councillor Bob Price (Leader of the Council) also attended.

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

OFFICERS PRESENT FOR THE WHOLE OF THE MEETING: Mathew Metcalfe and Jeremy Thomas (Legal and Democratic Services), Sarah Fogden and Carol Quainton (Finance), Jez Leaper and Annabel Ellin (KPMG), John Bull, Maria Grindley and Alison Dewar (Audit Commission)

OFFICERS PRESENT FOR PART OF THE MEETING: Steven Sprason (Property and Facilities Management), Graham Stratford (Community Housing and Community Development) and Paul Shepherd (Finance)

19. APOLOGIES FOR ABSENCE

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

20. DECLARATIONS OF INTEREST

None declared.

21. NOTIFICATION OF URGENT BUSINESS

None notified.

22. INTERNAL AUDIT PROGRESS 2008/09 – KPMG – PROGRESS, FINDINGS AND PERFORMANCE

The Head of Finance submitted a report (previously circulated now appended) on behalf of KPMG, the Councils Internal Auditors, which gave a statement of the progress made against the 2008/09 Internal Audit Plan and detailed the findings from the following audits:

- (i) Car Parks
- (ii) Taxi Licensing
- (iii) Performance Information

Annabel Ellin and Jez Leaper from KPMG introduced the report and made the following comments with regard to progress against the Internal Audit Plan.

Statement of Progress against the Internal Audit Plan

- (i) Business Continuity/Disaster Recovery – Audit 6 – Completed and draft report issued to Management;
- (ii) Data Security – Audit 15 – Draft report being prepared for issuing to Management.

Car Parks

KPMG had given the Car Parks audit a “Weak” rating. Annabel Ellin said that this was due to the weak reconciliation of income received/collected and what was expected by the City Council. A previous audit in 2006 of Car Parks, had made 10 recommendations and to date only 3 had been implemented.

Taxi Licensing

KPMG had given the Taxi Licensing audit a “Weak” rating. Annabel Ellin highlighted the areas where further development was required and that all of the recommendations had been accepted by Management.

Councillor Price was unhappy with the responses given in the report as he felt that they were an aspiration rather than an action to improve the service provided.

Performance Information

KPMG highlighted the performance so far for the 2008/09 Audit Year and that so far targets were being met, with the exception of the target for Management responses to routine audit reports, which had achieved 50% of its target.

The Committee agreed:

- (a) With regard to the Statement of Progress, to note the information;
- (b) With regard to the Car Parks Audit:
 - (1) To express concern that 7 out of the 10 recommendations from the 2006 Audit had not been implemented and that a rapid response to the implementation of the outstanding 7 recommendations was expected;
 - (2) To request the Head of Finance to ensure that the recommendations concerning G4S Cash Collections/Reconciliations, were implemented by the target date of 30th September 2008

- (3) To request that a further report be submitted to the Audit and Governance Committee when the risk implications with regard to the Westgate Car Park redevelopment are available.
- (c) With regard to the Taxi Licensing Audit, to request the Head of Environmental Development submit a further report to the Audit and Governance Committee with a detailed plan on how all of the recommendations were going to be implemented to improve the service.
- (d) With regard to the Performance Statement:
 - (1) To note the information and the achievement of targets;
 - (2) To increase the performance target for management responses to routine audit reports to be with KPMG from 10 days to 15 days.

23. VALUE FOR MONEY (VFM) MAPPING - KPMG

The Head of Finance submitted a report (previously circulated now appended) on behalf of KPMG, the Councils Internal Auditors. The report looked at Value for Money (VFM) in Oxford City Council.

Jez Leaper from KPMG introduced the report and said that it was a developmental piece of work which gave an assessment of Value for Money (VFM) in Oxford City Council and that he had tried to bring together information from various sources which will seen independently had not been seen together. Overall the work was to compliment the work already underway by Officers at Oxford City Council.

Jez Leaper said that there were a number of messages, which came from the report:

- (i) The Council was better on performance than cost
- (ii) There were variations between the services
- (iii) Costs were generally higher than average
- (iv) No service was in both the best quartile for performance and cost.

Jez Leaper said that there was a great deal of improvement happening at the Council, which had led to improved performance, but the issue of cost was still a challenge. He added that there was a deficit of information in some areas, for example, on highways, the costs included concessionary fares and car parks etc., yet the performance measures on solely based on abandoned vehicles.

Councillor Brown asked what formula was used when dealing with cost. In response, Jez Leaper said that generally cost per head of population was used, however were waste collections etc, were concerned, it was per household.

Councillor Brundin said this was a status report and that it might well be the case that the Council wanted some areas to be very good on performance and accepted that this could lead to higher cost and that this would be through a decision of the Council and not through bad management.

Councillor Brown with regard to street cleansing asked what role the Audit and Governance Committee had. In response Councillor Price said that street cleaning was being looked at as part of the current restructuring of City Works.

The Committee agreed to note the report and to refer it to the Members of the Value and Performance Scrutiny Committee for information.

24. ASSET MANAGEMENT REVIEW – AUDIT COMMISSION

The Head of Finance submitted a report (previously circulated now appended) on behalf of the Audit Commission which detailed the Audit Commissions findings of a review of Oxford City Councils performance on managing its property assets. The report also contained an assessment of the Councils current performance on this and made recommendations for improvement.

Alison Dewar from the Audit Commission introduced the report and highlighted that there had been recognition of the potential improvement of the Service in Oxford City Council, which was to be welcomed.

Councillor Brundin felt it was very good to see the improvements, however this was only part of the process and there was still work to be done.

Councillor Price felt there were areas, where improvements had to be faster, such as the use of the Scrutiny process, and the clearing of the maintenance backlog on properties.

Councillor Brundin said with regard to the maintenance backlog, that maintenance budgets should not be raised for other short term spending, as this only added to the backlog problem.

Councillor Simmons said we should not forget community value and agreed that Scrutiny should be used more, but that the Area Committees should also be part of the process. Councillor Christian added that she had tried and failed to have Scrutiny investigate estate shopping parades, which required work to them.

Councillor Brundin said that there was a need for more detailed planning on how the maintenance backlog would be dealt with and not allowed to build up again.

The Committee agreed:

- (a) To note the report and the Action Plan;
- (b) To request that risk be included in the Action Plan.

25. STRATEGIC HOUSING SERVICES – AUDIT COMMISSION

The Head of Finance submitted a report (previously circulated now appended) on behalf of the Audit Commission, which detailed the outcome of an inspection of the Housing Service at Oxford City council, which was carried out by the Housing Inspectorate.

Alison Dewar from the Audit Commission introduced the report and said how pleased she was at the quality shown in the Self Assessment undertaken by the City Council.

Councillor Sinclair asked if the skills used as part of the self-assessment process could be transferred to other parts of the Council. In response Graham Stratford said that Planning and Environmental Health had also been part of the process and that there had been strong partnership working, both inside and outside the Council.

Councillor Price said that when there was a clear challenge and objectives, the Council could be successful and that there was real value in cross service area working, which can be developed further.

The Committee agreed:

- (a) To thank all the Officers who had been part of the process;
- (b) That areas of good practice that can be used in other parts of the Council be investigated.

26. PROGRESS ON STATEMENT OF ACCOUNTS 2007-2008

The Head of Finance submitted a report (previously circulated now appended) which updated the Committee on the latest position regarding the Statement of Accounts 2007-08 and a further update (previously circulated now appended).

The Head of Legal and Democratic Services submitted a paper (previously circulated now appended) detailing the 2007/08 Annual Governance Statement.

Mr Feeney, a member of the public addressed the Committee and raised concerns on the Zero Emissions Project and the Health Living Initiative, both in East Oxford. He raised issues regarding requests for information, some of which he had received and concerns about various Councillors.

Mr Feeney was advised that if he had complaints regarding Councillors he should write to the City Council's Monitoring Officer, Jeremy Thomas and that if he was unhappy with the response to his Freedom of Information requests that he should appeal to the Information Commissioner.

Sarah Fogden introduced the report.

The Committee agreed:

- (a) To note the report and the further amendments to the Statement of Accounts 2007-08;
- (b) To note the 2007/08 Annual Governance Statement;

- (c) To delegate to the Chair of the Audit and Governance Committee to sign the final version of the Statement of Accounts 2007/08 on behalf of Oxford City Council.

27. ANNUAL GOVERNANCE REPORT – AUDIT 2007/08

The Head of Finance submitted a report (previously circulated now appended) on behalf of the Audit Commission, which summarised the findings from the 2007/08 audit.

Maria Grindley from the Audit Commission introduced the report and gave the following update with regard to some outstanding issues regarding the financial statements which were detailed in the report:

- (i) Inconsistencies within the cash flow statement – Work still on going
- (ii) Production of a revised Annual Governance Statement – Audit Commission still to consider this
- (iii) Treatment of prior year adjustments in respect of council house disposal and accumulated depreciation – Work completed
- (iv) Treatment of developer contributions in respect of non-depreciating assets (£3.1m) which had been incorrectly shown in the Government Grants Deferred Account instead of the Capital Financing Account – Audit Commission now satisfied that this has been corrected
- (v) Responses to queries in respect of the Housing revenue Account – Audit Commission work still on going.

Maria Grindley said that the final version of the Annual Governance Report would be issued in due course to the Audit and Governance Committee. In response to questions regarding how Local Authorities were dealing with the “Credit Crunch” in the financial markets, Maria Grindley said that the Audit Commission was looking at a number of organisations to see what arrangements they had made and would report their findings to a future meeting of the Audit and Governance Committee.

The Committee agreed that the Chair of the Audit and Governance Committee sign the final version of the Annual Governance Letter.

28. INCOME, FEES AND CHARGES – AUDIT COMMISSION

The Head of Finance submitted a report (previously circulated now appended) on behalf of the Audit Commission, which detailed the findings from the audit of the City Councils income, fees and charges.

Alison Dewar from the Audit Commission introduced the report.

The Committee agreed:

- (a) To note the report;
- (b) To refer the report to all Members of Council, The Chief Executive, Executive Directors, Service Heads, for information as part of the 2009/10 budget process;
- (c) To refer the report to the Value and Performance Scrutiny Committee and ask that it consider the recommendations and how these might be best implemented.

29. CORPORATE RSK REGISTER – UPDATED REGISTER FOR 2008/09 AND 1ST QUARTER MONITORING

The Head of Finance submitted a report (previously circulated now appended) which detailed the 2008/09 Corporate Risk Register and Quarter 1 review of the risk status.

Sarah Fogden introduced the report.

The Committee agreed to note the report.

30. MINUTES

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 25th June 2008.

31. MATTERS ARISING FROM THE MINUTES

None raised

32. FUTURE AGENDA ITEMS

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

- (a) Risk implications with regard to the Westgate Car Park redevelopment
- (b) Taxi Licensing audit recommendations, detailed action plan for implementation;

33. 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:

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

34. MATTERS EXEMPTION FROM PUBLICATION

The Committee agreed that, under Section 100A(4) of the Local Government Act 1972, the press and the public be excluded from the meeting for the remaining items of business on the grounds that their presence would involve the likely disclosure of information as described in paragraph 2, 3 and 7 of Part I of Schedule 12A to the Act.

Summary of business transacted on Part II of the agenda as required by Section 100C(2) of the Local Government Act 1972

The Committee considered a report of the Head of Finance into allegations of internal fraud, and outcomes and agreed to note it.

The meeting started at 5.00pm and finished at 6.40 pm, having gone into exempt session at 6.35pm.

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35. ALLEGATIONS OF INTERNAL FRAUD, INVESTIAGTIONS AND OUTCOMES

The Head of Finance submitted a report (previously circulated now appended) which detailed recent investigations and outcomes of cases of alleged fraud involving Oxford City Council staff.

Sarah Fogden introduced the report.

The Committee agreed to note the report