

# AUDIT AND GOVERNANCE COMMITTEE

Tuesday 25<sup>th</sup> November 2008

**COUNCILLORS PRESENT FOR THE WHOLE OF THE MEETING:** The Chair (Councillor Clark Brundin), Councillors Stephen Brown, Beverley Hazell, Bryan Keen and Oscar Van Nooijen.

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

Councillor Bob Price also attended for part of the meeting.

**OFFICERS PRESENT FOR THE WHOLE OF THE MEETING:** Mathew Metcalfe, Lindsay Cane and Cathryn Yeagers (Legal and Democratic Services), Penny Gardner (Finance), Saverio Della Rocca and Annabel Ellin (KPMG)

**OFFICERS PRESENT FOR PART OF THE MEETING:** Maria Grindley and Nicola Jackson (Audit Commission).

## **36. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Maureen Christian.

Apologies for absence were also received from Melbourne Barrett and Peter McQuitty.

## **37. DECLARATIONS OF INTEREST**

None declared.

## **38. NOTIFICATION OF URGENT BUSINESS**

None notified.

## **39. 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 Council's 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) Statement of Progress
- (ii) Business Continuity Planning
- (iii) Data Security
- (iv) Performance Information
- (v) Audit and Governance Committee reporting schedule

## Statement of Progress against the Internal Audit Plan

14 of the 21 audits had been completed and KPMG were on target to undertake and complete the remaining audits with in the target timescales of the Plan.

## Business Continuity Plan

KPMG had given the Business Continuity Plan a “weak” rating. Annabel Ellin said that there was a lack of ownership corporately of the Business Continuity Plan and it was not just an IT issue. She said that detailed responses had been received from the Corporate Secretariat Manager during the audit, which were reflected in the report. She further added that it was important to test the Plan.

With regard to testing the Plan, Saverio Della Rocca said that this was a key area for the City Council and for governance.

Councillor Brown asked if the City Council could satisfy KPMG that the recommendations were being acted upon and when would another audit take place. In response Saverio Della Rocca, said that if the actions were implemented and embedded into the Council, the rating of the audit could rise. He added that as this audit had received a weak rating, it would be treated as part of the Audit Plan for 2009/10.

Councillor Price welcomed the positive and detailed responses from the Corporate Secretariat, and felt that two or three issues should be chosen and tested and the results reported back to the Audit and Governance Committee. In response Saverio Della Rocca suggested that Officers should propose testing areas that they considered were the biggest risk to them.

Councillor Simmons queried the lack of any mention of partnership working, as this was an area which could affect the Council, should a partner suffer something unforeseen. Saverio Della Rocca said that it was important when undertaking tests to work on as many scenarios as possible.

## Data Security

The Committee noted that Officers had made further comments on the report, which KPMG had not had reasonable time to consider prior to the meeting. Concern were voiced that there had been a 5 week delay between KPMG issuing a draft report to Management for comments and those comments being sent back to KPMG, which was not within the target deadline.

KPMG had given Data Security a “weak” rating and that again this was a corporate issue rather than just an IT issue.

## Performance Statement

KPMG highlighted the performance so far for the 2008/09 Audit Year and that targets were being met, with the exception of the target for Management responses to routine audit reports, which had achieved only 25% of its target, despite the timescales being extended to 15 days.

The Committee agreed:

- (1) With regard to the Statement of Progress, to note the information;
- (2) With regard to the Business Continuity Plan audit to:
  - (a) Note the report and the “weak” rating;
  - (b) Request the Head of Finance to submit a report to the Audit and Governance Committee in March 2009, detailing which service areas of the Council had tested their Plans and when future testing would take place for the remaining services areas;
- (3) With regard to the Data Security audit:
  - (a) To note the report and the “weak” rating;
  - (b) To note that further comments to the KPMG report had been made by Officers and that these would be considered by KPMG;
  - (c) To request Officers to submit a further update report to the Audit and Governance Committee in April 2009 on the progress made to implement the recommendations from the audit;
- (4) With regard to the Performance Statement to again express extreme disappointment that despite an increase in the target time for Management response from the City Council to KPMG following audits, Officers were still not meeting this target and this was unacceptable and had to improve;
- (5) With regard to the Audit and Governance Committee reporting schedule, to note the information.

## **40. PRIVATE HIRE AND HACKNEY CARRIAGE LICENSING – REVISED FINAL REPORT - KPMG**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of KPMG, the Councils Internal Auditors. The report reflected the revised Management response from the City Council in respect of the taxi licensing audit recently carried out by KPMG.

The Committee agreed to note the report.

#### **41. TAXI LICENSING AUDIT – ACTION PLAN**

The Head of Environmental Development submitted a report (previously circulated, now appended) which detailed action on how the recommendations following the KPMG audit into taxi licensing would be implemented.

Councillor Price expressed concern at the way the recommendations from the critical KPMG audit report had been responded to, especially the timescales produced in the Action Plan by Council Officers, which he felt were too long. Councillor Van Nooijen added that the tone of the report and action plan was defensive and especially highlighted the Officer response regarding application checks, which currently took place every 3 years, but could be sooner. He added that the responses given in the KPMG report by Officers did not reflect the processes followed. He further added with regard to Enforcement Service Level Agreement, that there was no rationale for the Officer response.

Councillor Brown felt that an Officer should have attended the meeting to present the report and answer questions. He felt that the report was unsatisfactory, as it did not deal with the recommendations from the initial KPMG audit report. Councillor Price agreed and said that this service was a high-risk area for the Council. Councillor Simmons added that there was the issue of possible fraud, which had to be addressed as well.

Councillor Brown said it was not acceptable for Priority 1 recommendations to have an implementation target date of April 2009, as this was simply too long.

The Committee agreed:

- (1) To express dissatisfaction at the report and the timescales for improvement and implementation of the recommendations from the KPMG audit;
- (2) That the Priority 1 deadlines should have a target date for completion of January 2009 and not April 2009 as stated in the report, and to inform the relevant officers accordingly;
- (3) That Officers should have attended the meeting to present the report, especially as the audit had produced a weak rating for this Service Area;
- (4) That Officers submit a further report to the Audit and Governance Committee in January 2009, detailing what work was currently taking place to improve the Service and implement the recommendations, not just what was planned in the future.

#### **42. UPDATE ON PROGRESS WITH STATEMENT OF ACCOUNTS 2007/08**

The Head of Finance submitted a report (previously circulated, now appended) which set out the final position on the Statement of Accounts 2007/08.

The Committee agreed to note the report.

#### **43. AUDIT COMMISSION PROGRESS REPORT – AUDIT 2007/08 AND 2008/09**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission, which detailed the progress made on planned audits.

Maria Grindley from the Audit Commission introduced the report and said that the Use of Resources report had been submitted for moderation with a result expected in December 2008.

Councillor Price said that there were a large number of technical issues and detailed action points which had to be completed by December 2008 and asked how this was progressing. In response Penny Gardner said that Officers were on track to meet these deadline and that a temporary year-end accountant had been employed to help with this.

The Committee agreed to note the report.

#### **44. ANNUAL GOVERNANCE REPORT – AUDIT 2007/08 – AUDIT COMMISSION**

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 and identified the key issues considered before the Audit Commission issued their audit opinion, value for money conclusion and closure certificate.

Maria Grindley from the Audit Commission introduced the report. She informed the Committee that additional work had to be undertaken by the Audit Commission and this had cost an additional £15k. She said that discussions had progressed with Officers on this, which would lead to further improvements in project management in the future.

Councillors Price and Simmons raised the issue of the Council's property portfolio and how this would be presented in the accounts in a clear and understandable format.

Councillor Brundin asked if the income would be shown as a Net figure rather than a gross figure with regard to the Council's property portfolio. In response Maria Grindley said that the aim was to reach this level of clarity.

Councillor Van Nooijen asked with regard to the publication of an Annual Report, what plans there were for this. In response Penny Gardner said that a small leaflet had in the past been produced and an item had been placed in "Your Oxford". She added that the Council had to either publish a document, or show that it had consulted on not to publish, and this had not been done, so an Annual Report would be published this year. Maria Grindley added that guidance was available on what should be contained within annual reports and she would be working with Officers on this.

The Committee agreed:

- (1) To note the report;
- (2) To request the Head of Finance to submit a report to a future meeting of the Audit and Governance Committee, dealing with the City Council's property portfolio in a clear and understandable format.

#### **45. CORPORATE RISK REGISTER – QUARTER 2 MONITORING**

The Head of Finance submitted a report (previously circulated, now appended) which detailed Quarter 2 of the Corporate Risk Register and Risk Status.

Penny Gardner introduced the report and informed the Committee that notes on new risk areas had been added to the register.

Councillor Van Nooijen expressed concern at the lack of corporate understanding of the risk register. He said that almost all of the reports he was sent by Officers either gave little reference to risk or completely omitted the section on risk and he had constantly to amend reports and go back to Officers.

Councillor Price felt that it was good to have the risk control owner identified in the register, but accepted that there were still issues that required more discussion, such as future risks.

Councillor Brundin said that the register was still not fully embedded in the organisation and this had to be monitored continuously.

The Committee agreed:

- (a) To note the report and the updated Risk Register;
- (b) That further work was required to ensure that the issue of risk was embedded in the authority.

#### **46. MINUTES**

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 23<sup>rd</sup> September 2008.

#### **47. MATTERS ARISING FROM THE MINUTES**

None raised.

#### **48. FUTURE AGENDA ITEMS**

No items detailed on the agenda.

#### **49. 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 27<sup>th</sup> January 2009

Tuesday 24<sup>th</sup> March 2009

Tuesday 28<sup>th</sup> April 2009

The meeting started at 5.00 pm and finished at 6.25 pm