

# AUDIT AND GOVERNANCE COMMITTEE

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

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

**OFFICERS PRESENT FOR THE WHOLE OF THE MEETING:** Tim Sadler (Executive Director, City Services), Penny Gardner (Finance) and Jeremy Thomas and Brenda Lammin (Legal and Democratic Services).

**OFFICERS PRESENT FOR PART OF THE MEETING:** Peter Sloman (Chief Executive), Peter McQuitty (Policy, Performance and Communications) and Simon Howick and Mark Preston (Human Resources).

## **65. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Craig Simmons (Vice-Chair).

## **66. DECLARATIONS OF INTEREST**

None declared.

## **67. NOTIFICATION OF URGENT BUSINESS**

None notified.

## **68. ANNUAL AUDIT AND INSPECTION LETTER**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission. The report provided an overall summary of the Audit Commission's Assessment of the Council and drew on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2007/08, and from inspections undertaken since the last Audit and Inspection Letter.

Robert Hathaway from the Audit Commission introduced the report and referred to three points he wished to emphasise: strong leadership had led to a successful transformation and improvement programme; improved value for money; and the need to address the actions recommended in the audit letter in order to continue to implement the change agenda.

Peter Sloman welcomed the audit letter which recognised the massive collective achievement of the Council. He acknowledged that the change agenda must continue to be driven forward in order to maintain improvement, but believed that the Council had reached a "tipping point" in the cultural change process and that there would be no going back.

Councillor Bob Price (Leader of the Council) pointed out that the Council's new Corporate Plan recently approved by Council included objectives which would continue the transformation process. He referred to the importance of partnership working and commented that whilst positive relationships were developing with the PCT and others, the situation with the County Council was less clear, particularly in respect of tackling problems in areas of deprivation.

Robert Hathaway agreed that this was very important as the new form of assessment would be focussing on effective partnership working for the delivery of value for money public services.

The Committee agreed to (a) note and welcome the Annual Audit and Inspection Letter.

## **69. DATA QUALITY**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission. The report provided a summary of the findings from work on data quality for 2007/08.

John Bull of the Audit Commission introduced the report and commented that further significant progress had been made since publication of the report.

The Committee agreed to note the report.

## **70. PROGRESS REPORT 2008/09 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 2008/09.

John Bull of the Audit Commission introduced the report and said that good progress was being made.

The Committee agreed to note the report.

## **71. 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) Equality and Diversity
- (iii) Responsive Repairs
- (iv) Core Financial Systems Review
- (v) Health and Safety Follow-up 2008/09
- (vi) Home Choice Deposits
- (vii) Performance Information
- (vii) Audit and Governance Committee reporting schedule

(i) Statement of Progress against the Internal Audit Plan

Annabel Ellin said that the Audit Plan was on target.

(ii) Equality and Diversity

KPMG had given the Equality and Diversity a “Satisfactory” rating following an audit of this area.

Although the Council’s aim was to reach level 3 by 2011, currently it only met level 1 in full plus some parts of levels 2 and 3, and there was still a great deal of work to be done.

(iii) Responsive Repairs

KPMG had given Responsive Repairs a “Satisfactory” rating following the audit of this area.

Councillor Bob Price said that he would be attending an “away day” at Oxford City Homes and would use that as an opportunity to highlight the areas requiring attention.

(iv) Core Financial Systems Review

KPMG had given core Financial Systems Review a “Good” rating following the audit of this area.

(v) Health and Safety Follow-up 2008/09

KPMG had given Health and Safety Follow-up a “Weak” rating.

Many of the recommendations made in 2007 had not yet been fully implemented and this needed to be addressed as a matter of urgency. Simon Howick gave an assurance that he was committed to driving this through and agreed to produce a response to the “questions to consider” (as set out in Appendix 1) at the next meeting, and an action plan for outstanding issues, complete with timescales for action.

It was suggested that this be flagged up to the Value and Performance Scrutiny Committee as that Committee may wish to become involved in the monitoring progress.

Tim Sadler commented that Health and Safety was not just the responsibility of Human Resources but for everyone in the Council. He said he would take this back to the Senior Management Team so there was a corporate approach with no gaps.

(vi) Home Choice Deposits

KPMG had given Home Choice Deposits a “Weak” rating.

This was a process that had begun in a small way and grown rapidly without the necessary key controls being put in place.

Councillor Bob Price remarked that Graham Stratford had found this report very useful and was taking action. It was suggested that a report be submitted to a future meeting with an implementation plan showing how the difficulties identified had been resolved.

(vi) Performance Information

KPMG highlighted the performance so far for the 2008/09 Audit Year and that targets were being met.

The Committee agreed:

- (1) With regard to the Statement of Progress to note the progress of the Plan;
- (2) With regard to the Equality and Diversity audit, to note the “Satisfactory” rating following this audit.
- (3) With regard to the Responsive Repairs audit, to note the “Satisfactory” rating following this audit.
- (4) With regard to the Core Financial Systems Review, to welcome the “Good” rating following this audit.
- (5) With regard to the Health and Safety follow-up 2008/09, to (a) note the “Weak” rating following this audit, (b) ask the Head of Human Resources to produce an action plan for dealing with outstanding issues and the “questions to consider” (as set out in Appendix 1) at the next meeting, complete with timescales for action, (c) ask the Value and Performance Scrutiny Committee if it wished to become involved in monitoring progress as part of its work programme for next year, and (d) note that this would also be referred to the Senior Management Group.
- (6) With regard to the Home Choice Deposits audit, to note the “Weak” rating following the audit and ask the Head of Community Housing and Community Development to submit a report to a future meeting with an implementation plan showing how the difficulties identified had been resolved.
- (7) With regard to the Performance Statement, to note the information.
- (8) With regard to the Audit and Governance Committee reporting schedule, to note the information.

**72. VALUE FOR MONEY (VFM) PROGRAMME – VEHICLE REPAIRS AND MAINTENANCE – FOLLOW-UP - KPMG**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the KPMG, the Council's Internal Auditors, which updated the Committee following the original report which had been submitted to the Committee on 28<sup>th</sup> June 2007.

Jez Leaper from KPMG introduced the report and said that although the service was basically sound there were some areas where more progress was needed.

Tim Sadler said that these would be addressed as part of the City Works Service Review being undertaken to prepare it for market testing.

The Committee asked for a progress report in six months' time.

### **73. VALUE FOR MONEY (VFM) PROGRAMME – STREET CLEANING FOLLOW-UP - KMG**

The Head of Finance submitted a report (previously circulated, now appended) on behalf of KPMG, the Council's Internal Auditors, which updated the Committee following the original report which had been submitted to the Committee on 28<sup>th</sup> September 2007.

Jez Leaper of KPMG said the service was generally good and the only issue was cost.

It was understood that this was being addressed in the City Works Service Review and there was no need for a report back to the Committee.

Councillor Bob Price referred to the forthcoming appointment (jointly with the County Council) of a Town Centre Manager and the positive impact that was expected to have on the City Centre.

### **74. HUMAN RESOURCES/PAYROLL AUDIT – ACTION PLAN UPDATE**

The Head of Human Resources submitted a report (previously circulated, now appended), following a request for the Committee at its previous meeting. The report detailed the work currently happening following the recommendations of the initial audit report from KPMG.

The Committee noted the action plan and the good progress being made.

### **75. RISK MANAGEMENT STRATEGY**

The Head of Finance submitted a report (previously circulated, now appended), which provided an updated Risk Management Strategy which the City Executive Board would be asked to approve.

The Committee endorsed the Risk Management Strategy.

## **76. MINUTES**

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 27<sup>th</sup> January 2009.

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

None were raised.

## **78. DATES OF FUTURE MEETINGS**

The Committee noted that it would be meeting at 5.00pm on the following dates in the Town Hall:

Tuesday 28<sup>th</sup> April 2009  
Tuesday 30<sup>th</sup> June 2009  
Thursday 24<sup>th</sup> September 2009  
Tuesday 24<sup>th</sup> November 2009  
Tuesday 23<sup>rd</sup> March 2010  
Tuesday 27<sup>th</sup> April 2010

## **79. MATTERS EXEMPT 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 item of business on the grounds that their presence would involve the likely disclosure of information as described in paragraphs 2, 3 and 7 of Part I of Schedule 12A of the Act and to record that in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

## **80. ALLEGATIONS OF INTERNAL FRAUD, INVESTIGATIONS AND OUTCOMES AND THE OXFORD CITY COUNCIL WELFARE BENEFIT PROSECUTION AND SANCTION POLICY**

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 and the Oxford City Council Welfare Benefit Prosecution and Sanction Policy.

The Committee agreed to note the report and the amended Welfare Benefit Prosecution and Sanction Policy.

The meeting started at 5.00 pm and finished at 6.15 pm