

AUDIT AND GOVERNANCE COMMITTEE

Tuesday 28th April 2009

COUNCILLORS PRESENT FOR THE WHOLE OF THE MEETING: The Chair (Councillor Clark Brundin), the Vice-Chair (Councillor Craig Simmons), Councillors Roy Darke, Beverley Hazell, Bryan Keen and Oscar Van Nooijen.

OFFICERS PRESENT FOR THE WHOLE OF THE MEETING: Jeremy Thomas, Mathew Metcalfe and Cathryn Yeagers (Legal and Democratic Services), Penny Gardner and Carol Quainton (Finance), Annabel Ellin (KPMG), John Bull and Maria Grindley (Audit Commission).

OFFICERS PRESENT FOR PART OF THE MEETING: Mark Preston, Stephen Clark (Human Resources), Anna Winship (Finance), Ben Brownlee and David Oakes (Business Transformation) Saverio Della Rocca (KPMG) and Richard Bacon (PricewaterhouseCoopers).

81. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Stephen Brown.

82. DECLARATIONS OF INTEREST

None declared.

83. NOTIFICATION OF URGENT BUSINESS

None notified.

84. 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) Leaseholders
- (iii) Development Control/Planning
- (iv) Fixed Assets
- (v) Governance
- (vi) Local Financial Systems
- (vii) Performance Information
- (vii) Audit and Governance Committee reporting schedule

The Following comments were raised.

(i) Statement of Progress against the Internal Audit Plan

Annabel Ellin said that all but two of the planned audits had been completed, those remaining were Single Status and Value for Money (VFM) studies.

(ii) Development Control/Planning

Annabel Ellin introduced the report and said that the areas for improvement were mostly administrative processes and that all procedures were being reviewed which would include the KPMG recommendations, as part of the current service review.

Councillor Simmons raised an issue concerning planning applications and permission. He said when an application came to Committee and was passed it included a number of conditions. Subsequently the applicant/developer has applied to the Council to amend a condition and because it was seen as a minor amendment, because, for example it was still within planning policy, the issue did not come back to the Committee to consider. This had led to Members and the public believing that the original permission was in place, when in fact it had been amended under delegated authority.

Councillor Brundin said that Members received a list of planning applications received, but not a list of changes to conditions once planning permission had been granted.

(iii) Performance Information

Annabel Ellin introduced the report and said that improvements had been made across all the areas that were measured.

The Committee agreed:

- (1) With regard to the Statement of Progress against the Internal Audit Plan, to note the progress and that all but two of the audits had now been completed;
- (2) With regard to the Leaseholder Audit, to note the report;
- (3) With regard to the Development Control/Planning Audit, to:
 - (a) Request the Head of Legal and Democratic Services to investigate Officer delegated authority with regard to planning applications approved by Committee, which subsequently had its conditions amended under delegated authority without coming back to the Committee;

- (b) To request the Head of City Development to submit a report to the September 2009 meeting of the Committee detailing progress on the implementation of the KPMG recommendations.
- (4) With regard to the Fixed Assets Audit, to note the report and request the Head of Finance to submit a report to the September 2009 meeting of the Committee, detailing progress on the implementation of the KPMG recommendations;
- (5) With regard to Governance Audit, to note the report and that KPMG had rated the Annual Governance Statement as “satisfactory” and the Assurance Framework as “weak”;
- (6) With regard to Local Financial Systems, to note the report and that KPMG had rated, Parks, Leisure and the Ice Rink as “weak” and Trade Waste as “satisfactory”;
- (7) With regard to the Performance Information, to note the information and welcome the improvement in meeting the management response target to KPMG reports.

85. INTERNAL AUDIT – ANNUAL REPORT 2008/09 - KPMG

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the KPMG, the Council's Internal Auditors, which provided a commentary of internal audit activity for the 2008/09 year.

Saverio Della Rocca from KPMG said that it had been a pleasure and a privilege for KPMG to be the Internal Auditors for Oxford City Council and that he had found it a rewarding time. He thanked the Committee for its support and value the work of the Committee and its Members. He was impressed that the Committee had a genuine commitment and desire to make improve the services provided by the City Council.

Saverio Della Rocca introduced the report and said that the City Council had been proactive in directing KPMG to areas that the Council wanted help with, this helped target resources. He said that while the internal control arrangements are getting better, there were still pockets in the Council where this control was not as robust the Audit and Governance Committee would like. He added that it was important that the Committee continued to follow-up on the weak areas and ensured that the recommendations approved from the various audits were implemented.

Councillor Brundin said that he found the report useful and helpful. He said that KPMG had an enormous contribution to the improved statements from the Audit Commission on the Council and the reestablishment of the internal audit function was a key element in improving the performance of the Council.

The Committee agreed to note the report and thank KPMG for its work during its time as the Council's Internal Auditors.

86. INFORMATION AND DATA SECURITY ACTION UPDATE

The Head of Business Transformation submitted a report (previously circulated, now appended), which detailed the progress made against the KPMG audit report on the Review of Information and Data Security 2008/09 which was dated 7th November 2008.

Ben Brownlee and David Oakes attended the meeting and presented the report.

The Committee agreed to note and welcome, the actions taken to improve data security across the Council.

87. HEALTH AND SAFETY AUDIT – FOLLOW-UP 2008/09 – ACTION PLAN

The Head of Human Resources submitted a report (previously circulated, now appended), which provided the Committee with an update summarising the actions taken since the Health and Safety audit follow-up, which was presented to the Committee on 24th March 2009, and set out the action plan for addressing outstanding issues.

Mark Preston attended the meeting and introduced the report.

The Committee agreed:

- (a) To note the substantial progress and action plans in response to the Health and Safety audit follow-up;
- (b) To note the responses to questions posed in appendix 1 of the Health and Safety audit follow-up;
- (c) To request the Head of Human Resources to submit a further to the June 2009 meeting of the Committee detailing progress on implementing the Action Plan.

88. BENEFIT INVESTIGATION 2008/09 OUTCOMES – MONEY LAUNDERING REGULATION – IMPLICATIONS AND ACTION

The Head of Finance submitted a report (previously circulated, now appended), which detailed the outcomes of benefit investigations for the 2008/09 period and the implications that the Money Laundering Regulations had for Oxford City Council and the actions that needed to be taken.

Carol Quinton attended the meeting and presented the report.

The Committee agreed:

- (a) To note the report;

- (b) To request the Head of Finance to submit a further report to the June 2009 meeting of the Committee on the progress of implementing any actions required as part of the Money Laundering Regulations;
- (c) To request the Head of Finance to investigate establishing a formal reporting mechanism in relation to the effectiveness of the Investigation Team regarding the level of overpayments raised.

89. CORPORATE RISK REGISTER – QUARTER 4 MONITORING AND OUTTURN FOR 2008/09

The Head of Finance submitted a report (previously circulated, now appended), which presented the Committee with the Quarter 4 review of the Corporate Risk Register and Risk Status.

Penny Gardner introduced the report.

The Committee agreed:

- (a) To note the report;
- (b) To request the Head of Finance to expand Risk 7 (Failure to identify and manage high risk areas which may be impacted by the credit crunch), to include, for example, the loss of rental income from retail units in the Westgate Shopping Centre;
- (c) To request the Head of Finance and the Head of Legal and Democratic Services to liaise together with regard to risk being addressed in reports to Committees.

90. CORPORATE RISK REGISTER – CORPORATE RISKS FOR 2009/10

The Head of Finance submitted a report (previously circulated, now appended), which presented the Committee with the draft list of Corporate Risks for 2009/10.

Penny Gardner introduced the report.

The Committee agreed:

- (a) To note the report;
- (b) To remove the following risks:
 - (i) Risk 6 – Failure to embed and maintain a consistent Health and Safety culture across the Council;
 - (ii) Risk 9 – Failure to maintain a positive reputation with key stakeholders;
 - (iii) Risk 10 – Failure to prioritise and maintain strategic direction.

- (c) To add to the list “Maintain and develop strong partnerships which aid the delivery of the Councils objectives”.

91. STATEMENT OF ACCOUNTS 2008/09 – ACCOUNTING UPDATE AND PROGRESS ON 2007/08 ISSUES

The Head of Finance submitted a report (previously circulated, now appended), which updated the Committee on the progress with the Statement of Accounts 2008/09, the key issues to consider and to inform of new requirements.

Anna Winship attended the meeting and introduced the report.

The Committee agreed to note the report.

92. STATEMENT OF ACCOUNTS BRIEFING FOR AUDIT COMMITTEE MEMBERS

Maria Grindley said that as part of the Accounts and Audit Regulations 2003, it was a new requirement that the Chair of the Council/Committee approving the accounts to sign and date the accounts, the signature formally represented the completion of the authority’s approval process, and as such it was important that the Council was happy with this process.

Maria Grindley said that there was a need to review the Annual Governance Statement and assurance framework underpinning the statement. To score well, the Council had to have an assurance process behind the Statement, and the Council was progressing work on this.

To achieve a scorer of 3 and 4 on strong performance, the characteristics to achieve this are:

- (i) Strong Governance arrangements
- (ii) Strong corporate commitment and culture
- (iii) Detailed risk based close down plan that is implemented
- (iv) Adequate resources in place
- (v) Good standards of evidence, audit trails
- (vi) Embedded and robust QA procedures
- (vii) Clear joint working relationships
- (viii) Effective in-year financial reporting
- (ix) Proactive on getting evidence from third parties
- (x) Addressing changes
- (xi) Learning from past experiences

Jeremy Thomas said with regard to the Annual Governance Statement, that a Governance Group had been convened, the purpose of which was to review the process of assurance. The Group will look at external inspection reports, internal audit reports and review the previous year to see how improvements could be made. He added that the draft Statement would go to the Leader of the Council, City executive Board for consultation and then go to the Audit and Governance Committee.

Councillor Van Nooijen, asked what were the characteristics on Member training to receive an excellent audit. In response Maria Grindley said that some organisations gave more training to Members and that the Audit Commission did provide training and this had been offered to the Council.

Councillor Simmons felt that the Council did not get enough out of existing Member involvement and that the Scrutiny Budget Review Group was a good way of involving Members. Councillor Van Nooijen added that it would be good to capture this involvement in the process.

The Committee agreed:

- (a) To thank Maria Grindley from the Audit Commission for her oral presentation;
- (b) That Members of the Audit and Governance Committee be involved on the preparation of the Statement of Accounts and the Governance Statement, through an informal Panel;
- (c) To welcome the establishment of a Budget Review Group as part of the scrutiny process of the 2009/10 budget and to request the Value and Performance Scrutiny Committee continue with the Review Group for future budget scrutiny.

93. INTERNAL AUDIT PLAN 2009/10 – PRICEWATERHOUSECOOPERS (PWC)

Richard Bacon from PwC attended the meeting and said that he had held meetings with Officer and met with the Audit Commission in preparation for PwC to become the Council's Internal Auditors. He said that a new Internal Audit Plan was being drafted and would be presented to the Committee at its meeting in June 2009.

The Committee agreed:

- (a) To thank Richard Bacon for his update;
- (b) That the chair continue to liaise with PwC on the creation of the new Internal Audit Plan for 2009/10, prior to its submission to the Committee in June 2009 for approval.

94. MINUTES

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 24th March 2009.

95. MATTERS ARISING FROM THE MINUTES

None were raised.

96. DATES OF FUTURE MEETINGS

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

Tuesday 30th June 2009
Thursday 24th September 2009
Tuesday 24th November 2009
Tuesday 26th January 2010
Tuesday 23rd March 2010
Tuesday 27th April 2010

97. 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.

98. 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.

The Committee agreed to note the report.

The meeting started at 5.00 pm and finished at 6.30 pm