

AUDIT AND GOVERNANCE COMMITTEE

Thursday 24th September 2009

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

Councillor Bob Price also attended for the whole of the meeting.

COUNCILLORS PRESENT FOR PART OF THE MEETING: Councillor Roy Darke

OFFICERS PRESENT FOR THE WHOLE OF THE MEETING: Peter Sloman (Chief Executive), Mathew Metcalfe and Jeremy Thomas (Legal and Democratic Services), Penny Gardner, Sarah Fogden and Anna Winship (Finance), Peter McQuitty (Policy, Performance and Communications), Maria Grindley, Alan Witty and Hannah Rawstone (Audit Commission), and Christopher Dickens, Richard Bacon and Katherine Bennett (Pricewaterhousecoopers).

21. APOLOGIES FOR ABSENCE

No apologies were received

22. DECLARATIONS OF INTEREST

None declared.

23. NOTIFICATION OF URGENT BUSINESS

None notified.

24. EQUALITY AND DIVERSITY – AUDIT COMMISSION

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission, which detailed the Audit Commission's review of Oxford City Council's approach to equality and diversity and assessed the City Council's current performance and made recommendations for improvements.

Maria Grindley from the Audit Commission introduced the report. She said that this report had been a challenging one to produce due to the pace of positive change taking place in the City Council. She had worked with the Policy, Performance and Communications Manager to ensure that all of the changes had been captured for when this report was produced. Peter McQuitty added that the actions required by the Authority, were being progressed very quickly.

In response to questions Maria Grindley said that a follow-up report would be produced in the usual way by the Audit Commission and that with regard to a number of issues in the report being dealt with after the target date, she was happy with the progress that had been made. She again stressed that the Council was progressing very quickly.

Councillor Price was disappointed that the Council had only achieved Level 1, and said that it was extremely important to know when the Council would achieve Levels 2 and 3. In response Peter McQuitty said that the report would be presented to the Performance Board and that the Council would self-certify that it had attained Level 2. This self-certification would then be peer reviewed. Councillor Price further suggested that the report should go to the Cross Party Working Group, in response Peter McQuitty said he was happy with this approach.

Councillor Simmons asked what was required to achieve Level 2. In response Maria Grindley said that while a number of actions were required, no one action could in itself lead to Level 2 being attained. She said that certain actions had been prioritised above other, but it was important that the pace of change continued at its present speed or in excess of this. Peter McQuitty added that the equalities data had in the past let the Council down, but this had now improved and was part of the pace of change.

Councillor Brown commented on the City Council achieving Level 5 by March 2011. In response Peter McQuitty said that actions were happening this was being monitored and that the Council was committed to achieving Level 5 by March 2011.

Councillor Darke raised the issue of resources and this being embedded in the culture of the Council. In response Peter McQuitty said that this was being driven very hard from the corporate centre to ensure that it was embedded.

Peter Sloman thanked Peter McQuitty for the work on equalities and diversity and said that Level 5 was highly inspirational and that it was vital that everything that needed to be in place to achieve Level 5 was. He said that one of the most critical changes to have happened was the improvement in Human Resources within the Council.

The Committee agreed:

- (a) To note and welcome the report;
- (b) To request the Policy, Performance and Communications Manager to submit an update report to the March 2010 meeting of the Audit and Governance Committee;
- (c) To request the Policy, Performance and Communications Manager to submit a follow-up report in the summer of 2010 to the Audit and Governance Committee;
- (d) That the Head of Legal and Democratic Services and other officers responsible for implementing the large parts of the Action Plan, be invited to attend future meetings of the Audit and Governance Committee to update the Committee on the implementation of the actions in their Service Areas.

25. PROGRESS REPORT – AUDIT COMMISSION

The Head of Finance submitted a report (previously circulated, now appended) on behalf of the Audit Commission, which set out the progress that the Audit Commission had made in delivering the work set out in the 2008/09 and 2009/10 audit plans.

Maria Grindley from the Audit Commission introduced the report and said that this had been the first year that all of the reports had been completed before the issuing of the Annual Governance Report and this was very positive. The only key report that was still outstanding was Health Equalities, but this was a countywide issue.

Councillor Simmons mentioned that not all reports had target dates. In response Maria Grindley said that this would be rectified for the next meeting.

The Committee agreed:

- (a) To note the report;
- (b) To request the Audit Commission to include target dates for when reports etc. would be submitted to the Committee for consideration;
- (c) To thank all the Officers for their work in delivering the 2008/09 External Audit Plan.

26. INTERIM MEMO – AUDIT COMMISSION

The Head of Finance submitted a report (previously circulated, now appended), on behalf of the Audit Commission, which set out the findings from the interim audit in preparation of the work to be undertaken on the 2008/09 financial statements for the City Council.

The Committee agreed to note the report.

27. COMPLIANCE WITH INTERNATIONAL AUDITING STANDARDS – ENQUIRIES OF THOSE CHARGED WITH GOVERNANCE

The Head of Finance submitted a letter (previously circulated, now appended), received from the Audit Commission. The letter requested the assistance from the Chair of the Audit and Governance Committee with the Audit Commission's current work on the Council's accounts for 2008/09.

Maria Grindley from the Audit Commission introduced the report.

Councillor Simmons said that Members took very seriously the issue of governance, but while the Council had policies, it was important to see the evidence that these were being followed. In response Jeremy Thomas said that Members should seek advice from Officers to provide the assurances on governance. With regard to Officers following policies etc. he said that Human Resources provided

training through the induction process. This was also added to during the induction process in Service Areas, and was further detailed in contracts of employment.

Penny Gardner said that there was a reliance on training being given in Service Areas and this had to be signed off by the relevant Head of Service.

Peter Sloman said that you needed to look at the culture of the organisation. For example were employees dismissed for example committing fraud, are the checks to highlight incidences of fraud sufficient. He said that he felt they were, and highlighted the fact that the Council had an investigation team that undertook the role to investigate alleged incidences of fraud as an example.

The Committee agreed:

- (a) That the Chair of the Audit and Governance Committee would assist the Audit Commission with the Audit Commissions current work in the Council's accounts for 2008/09;
- (b) That Officers would ensure that all employees of the Council were aware of the Council's business and ethical practices and behaviour.

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 presented the findings of a follow-up review undertaken in 2008 with regard to the progress made on implementing the recommendations from the 2007/08 review of income, fees and charges at Oxford City Council.

Maria Grindley from the Audit Commission introduced the report and said that the Council was moving forward on implementing the 3 key recommendations.

Councillor Brown felt that the recommendations were not specific enough to Oxford City Council. In response Maria Grindley said she was happy to review the bullet points and include examples relevant to the City Council.

The Committee agreed:

- (a) To note the report;
- (b) To refer the report to the Budget Review Scrutiny Panel for information.

29. INTERNAL AUDIT SUMMARY – PRICEWATERHOUSE COOPERS (PWC)

The Head of Finance submitted a report (previously circulated, now appended), on behalf of Pricewaterhousecoopers (PWC), the Council's internal auditors, which detailed progress on the internal audit plan.

Christopher Dickens from Pricewaterhousecoopers introduced the report and said that they were at the early stages of preparing the final reports. He added that it was still the intention to complete the full 2009/10 Audit Plan.

The Committee agreed:

- (a) To note the report;
- (b) To remind all Councillors to complete and return the Governance Survey to Pricewaterhousecoopers.

30. STATEMENT OF ACCOUNTS 2008/09 AND ANNUAL GOVERNANCE REPORT

The Head of Finance submitted a report (previously circulated, now appended), which sought the re-approval of the 2008/09 Statement of Accounts following the adjustments made during the audit process. The Annual Governance Report was also submitted (previously circulated, now appended).

Sarah Fogden introduced the report.

Maria Grindley said that this was the final version of the Statement of Accounts, however there were still some minor issues to complete, but these were not on key issues.

With regard to the Annual Governance report, Maria Grindley said that there were issues regarding assurances on fixed assets. She said that the margin of error was plus or minus £2.1m.

Peter Sloman said the Council had received a strong Audit Letter this year, which was very positive, although he accepted that some weaknesses around the close of accounts had been revealed and were being resolved by Officers.

Councillor Price said that it was very important that Members were assured that the points in the Action Plan were embedded in the organisation and that there was evidence to show this.

Councillor Hazell said that some recommendations from 2007/08 had not been taken as seriously as would have been expected. In response Maria Grindley said that she had also reviewed the 2007/08 Action Plan and while some actions were still to be undertaken, all of the key ones had been. She added that while there still remind some issues to resolve on the statements of accounts, adequate checks and balances were in place.

The Committee agreed:

- (a) To approve the Statement of Accounts 2008/09 for publishing and to note that amendments would be reported to Council, when Council approved the Accounts;
- (b) With regard to the Annual Governance Report:
 - (1) To note that the Chief Executive had apologised on behalf of Officers for the disappointing performance with regard to the basic functions on the preparation of accounts;

- (2) To commend Officers for the improvement in the Council's Use of Resources and in particular the Procurement Team;
- (3) To thank Members and Officers for their work in improving value for money in Oxford City Council.

31. REVIEW OF THE STATEMENT OF ACCOUNTS PROCESS

The Head of Finance submitted a report (previously circulated, now appended), which provided the Committee with information on the preparation of the 2008/09 accounts.

Peter Sloman informed the Committee that he commissioned Nigel Pursey to come to the City Council to oversee the Action Plan and that this would cost £50k. He added that he had applied to the Regional Improvement Partnership for a grant to cover this cost and that this application had been accepted onto a list for further consideration. If the Council was successful it would receive 50% of the cost back.

The Committee agreed:

- (a) To note the report and the Action Plan, which Officers were implementing;
- (b) To note that a further review report would be submitted to the Committee in November 2009;
- (c) To establish a Working Group, with Councillors Hazell, Brundin and Simmons as Members, to work with Officers on improving the process of preparing the Statement of Accounts.

32. MINUTES

The Committee agreed to approve the minutes (previously circulated) of the meeting held on 30th June 2009.

33. MATTERS ARISING FROM THE MINUTES

None were raised.

34. DATES OF FUTURE MEETINGS

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

Tuesday 24th November 2009
Tuesday 26th January 2010
Tuesday 23rd March 2010
Tuesday 27th April 2010

35. 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.

36. ALLEGATIONS OF INTERNAL FRAUD, INVESTIGATIONS 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.

The Committee agreed to note the report.

The meeting started at 5.00 pm and finished at 6.47 pm