

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE

Thursday 23 April 2015

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COUNCILLORS PRESENT: Councillors Fry (Chair), Fooks (Vice-Chair), Coulter, Darke, Rowley, Seamons and Thomas.

OFFICERS PRESENT: Christopher Dickens (Pricewaterhousecoopers (PWC)), Nigel Kennedy (Head of Financial Services), Jane Lubbock (Head of Business Improvement and Technology), Mark Spriggs (Community Centres Co-ordinator), Jeremy Thomas (Head of Law and Governance), Jennifer Thompson (Law and Governance), Scott Warner (Investigations Manager), Mick West (Ernst & Young), Jane Winfield (Regeneration and Major Projects - Team Manager), Anna Winship (Financial Accounting Manager), Alan Witty (Ernst & Young) and Jackie Yates (Executive Director Organisational Development and Corporate Services)

51. APOLOGIES FOR ABSENCE

There were no apologies.

52. DECLARATIONS OF INTEREST

There were no declarations.

53. ORDER OF THE AGENDA

The Chair, with the agreement of the Committee, took items in the order shown in these minutes (taking agenda items 10 and 11, then 9, then 8, then other items in order.)

54. PROGRESS ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS

The Committee considered the report of the Head of Finance summarising progress on the implementation of internal and external audit recommendations.

Anna Winship introduced the report.

Mark Spriggs reported on the arrangements for leases or licences for community centres and that a report on on-going arrangements and a strategy for managing

the centres would be considered by the City Executive Board in December. All 20 centres had agreements in place. The council would directly oversee five, one at Jericho did not belong to the council, one has an agreement to lease, and leases and licences for the remainder were in place. East Oxford Community Centre would come under the council's control from 1 September 2015.

Councillors commented that for each centre, responsibilities for repairs must be clearly defined between the council and the management committee.

The Committee agreed to note the report and the actions.

55. INVESTIGATION TEAM UPDATE REPORT

The Committee considered the report of the Head of Finance setting out the activity and performance of the Investigation Team from 1 April 2014 to 31 March 2015 and the plans for the Investigation Service.

Scott Warner introduced the report.

Councillors asked for more detail about the split between recovered money and prevented losses, and discussed the implications, impact and response to right to buy and tenancy fraud.

The Committee agreed to note the report.

56. INTERNAL AUDIT REPORT - ROSEHILL COMMUNITY CENTRE

The Committee considered the report of the internal auditor setting out the results of their evaluation of the capital project for the construction of a new community centre at Rosehill.

Christopher Dickens introduced the report and explained the conclusions set out there.

Jacqueline Yates, Nigel Kennedy, Jane Lubbock, Ian Brooke answered questions from the Committee:

- New capital programme procedures (the capital gateway process) defined roles more clearly and required a clear and considered procurement strategy for major projects. Staff were trained in project management, as appointing an external project manager was not always satisfactory.
- Full financial and credit checks were carried out before letting a contract, and monthly financial checks were carried out on key suppliers and customers.
- There was no indication at the time the project went to tender that the number of bids would be problematically few or that a different process may produce better results.
- This was a complex project to deliver a flagship centre for the council and community, and the project was now on track and on budget. Officers considered it more important to deliver a high quality centre, with the right

elements included for the community, than to deliver a lower specification scheme. It was uncommon for such schemes to be longer and more expensive projects than anticipated.

- As the capital programme had grown significantly, officers were more aware of the market and more rigorous with external project managers and gathering market intelligence.
- The gateway process started in September 2014 and included points where the design and price were frozen.
- The recommendations from the report would be added to the audit tracker and progress reported to the committee.

Committee members commented:

- Project managers needed to be mindful of how community involvement affects projects.
- As the increase in costs was not uncommon in this type of project, did the organisation have the capacity to deliver these or should an experienced project manager be appointed for these infrequent large projects?
- The report was useful and timely.
- The post-implementation review at the end of the project should be brought to the committee for its consideration.

The Committee noted the report and the comments from officers and members.

57. INTERNAL AUDIT REPORT - SPORTS PITCH BOOKING

Councillor Thomas left the meeting at the start of this item.

The Committee considered the report of the internal auditor summarising the evaluation of controls and processes in place for sports pitch and facilities bookings.

Christopher Dickens introduced the report and in answer to questions from the Committee he and Ian Brooke said:

- Four medium risks were identified and the implications of these should be considered even if action to reduce these was not practical or cost-effective.
- Processes which led to non-compliance with the council's financial regulations should stop.
- Online payments were increasing, reducing the reliance on cash or cheques and allowing invoices to be processed through the accounting system (Agresso). Other authorities used online payment and booking systems and officers would like to make more use of these.
- Agresso gave better control over invoicing, reduced errors and allowed checking. Systems were also in place to handle cash and paper bills correctly and with the proper checks.

The Committee noted the report and the actions taken.

58. AUDIT PLAN FOR YEAR END 31 MARCH 2015

The Committee considered the report of the external auditor setting out how Ernst & Young intend to carry out their responsibilities and summarises their assessment of the key risks in respect of the audit for the year ending 1 March 2015.

Mick West introduced the report, outlined the key points, and answered questions from the Committee.

The Committee noted the report.

59. ANNUAL FEE LETTER 2015-16

The Committee considered the report of the external auditor confirming the audit and certification work that Ernst & Young intend to carry out for Oxford City Council for the 2015/16 financial year.

The Committee noted the report.

60. LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING

The Committee considered the briefing paper from the external auditor.

Alan Witty introduced the briefing, outlined the key points, and answered questions from the Committee.

The Committee noted the report and asked for:

- notification of how to access officer decisions published on the website;
- a briefing for members on the capital projects management and procurement process;
- a briefing for the committee on national and local perspectives on audit; managing major projects; and assurance.

61. INTERNAL AUDIT RISK ASSESSMENT & PLAN 2015-16

Councillor Seamons left the meeting at the start of this item.

The Committee considered the report of the Head of Finance setting out the audit plan for 2015-16 and the process for the procurement of internal audit services.

Nigel Kennedy introduced the report, outlined the key points, and answered questions from the Committee as follows:

- A full year's internal audit plan was before the committee.
- PriceWaterhouseCoopers would carry out the internal audit function under the current contract until September. The new contract would start then.

- The annual report would be submitted to the next meeting and while no items of concern were anticipated, the committee would be informed should any arise.

The Committee:

1. approved as a working draft the Audit Plan for 2015-16 as set out in Appendix A of the report, subject to final agreement of the plan after discussion with officer regarding outstanding details; and
2. noted the process for the procurement of the internal audit service.

62. INTERNAL AUDIT REPORT - HOUSING RENTS

The Committee considered the report of the internal auditor summarising the evaluation of controls and processes in place for housing rents.

Christopher Dickens and Nigel Kennedy introduced the report and in answer to questions from the Committee said:

- Under 'right to buy disposals' (P72) the dates should show April to June 2014.
- The improvements outlined in the report were now in place, including procedures for better communications and reconciliation between teams.
- A new system, due to be introduced primarily for the investigation service, would allow officers to assess a tenant's total overall level of debt before setting up debt recovery.
- New processes relating to right to buy valuations could be circulated separately once implemented.

The Committee noted the report and the actions taken.

63. MINUTES OF THE PREVIOUS MEETING

The Committee agreed to approve the minutes of the meeting held on 26 February 2015 as a true and accurate record.

64. DATES AND TIMES OF MEETINGS

The Committee noted the dates and times of future meetings.

The meeting started at 6.00 pm and ended at 7.50 pm