

## **Minutes of a meeting of the AUDIT AND GOVERNANCE COMMITTEE on Thursday 10 January 2019**

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### **Committee members:**

Councillor Fry (Chair)

Councillor Munkonge (Vice-Chair)

Councillor Corais

Councillor Gant

Councillor Rush

Councillor Tanner

Councillor Wolff

### **Officers:**

Paul Adams, HR & Payroll Manager

Anita Bradley, Monitoring Officer

Gurpreet Dulay, Manager, BDO Internal audit

Nigel Kennedy, Head of Financial Services

Paul King, Ernst & Young external auditor

Bill Lewis, Financial Accounting Manager

Neil Markham, Incomes Team Leader

Greg Rubins, Partner, BDO internal audit

Jennifer Thompson, Committee and Members Services Officer

Scott Warner, Investigation Manager

### **Apologies:**

None.

### **23. Declarations of Interest**

None.

*With the consent of the committee, the Chair varied the order of the agenda.*

### **24. Setting of the Council Tax Base 2019-20**

The Committee considered the report of the Head of Financial Services setting out the calculation of the "Council Tax Base" for 2019/20 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

Bill Lewis (Financial Accounting Manager) introduced the report and explained the impacts of the council tax reduction scheme (now receiving no government funding) and exemptions such as those granted to dwellings wholly occupied by students.

**The Committee resolved:**

- a) that the 2019/20 Council Tax Base for the City Council's area as a whole is set at 45,294.5 (as shown in Appendix 1 of the report)
- b) that the projected level of collection is set at 98%
- c) that the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2 of the report) be set as follows:

Unparished Area of the City	37,825.8
Littlemore Parish	1,798.0
Old Marston Parish	1,272.7
Risinghurst & Sandhills Parish	1,470.4
Blackbird Leys Parish	2,927.6
City Council Total	45,294.5

**25. Anti Money Laundering Policy**

The Committee considered the report of the Head of Financial Services informing Members of the new Anti-Money Laundering Policy and seeking approval for its adoption into Council policy.

Scott Warner (Investigations Manager) introduced the report and policy and answered questions from the Committee. The Council was required to have such a policy and provided training to new starters, information when legislative changes were introduced, and would provide information and training on the new policy.

The Committee noted that the shareholders should recommend the Council's Oxford Direct Services company to adopt a robust anti money-laundering policy and process if they had not done so.

**The Committee noted the report and approved the policy as set out in Appendix 1 for adoption as Council policy.**

**26. Senior staff turnover and implications for risk management and governance**

The Committee considered the report of the Head of Business Improvement giving an update on senior staff turnover and implications for risk management and governance.

Paul Adams (HR and Payroll Manager) said in introducing the report and answering questions from the Committee:

- 1. The level of turnover at senior level at 10-12% per year was healthy.
- 2. Turnover in the lower tiers of the Council was low and staffing fairly stable: the challenge was to provide sufficient opportunities for career development.
- 3. Exit interviews showed no clear patterns in reasons for leaving the council.
- 4. There was a need to monitor and mitigate high turnover in key areas or where there were rapid and/or substantial changes in the demands on a service or the

Council. Recent significant changes in the demands on and roles of senior staff and on their time was not adequately reflected in turnover rates.

5. The Oxfordshire Growth Deal had created a challenge for all councils and made significant demands on this council's senior staff involved with the initial delivery. The Deal team was recruiting staff to specific posts and ongoing secondments to the central Deal team were back-filled. Officers seconded to the start-up phase were returning to their normal posts; and councils were recruiting additional staff to deliver their council's part of the Deal programmes. A new major challenge therefore was to avoid competition for employees.
6. Senior posts were refocussing around risk and project management to provide greater effectiveness in these areas. The Corporate Management Team (Chief Executive, directors, and statutory officers) and the Development Board (focused on operational delivery of the capital programme) increased resilience.

**The Committee noted the report and answers to their questions, and noted the implications for risk management and governance.**

## **27. Internal Audit 10 Retention Report - December 2018**

The Committee considered the report of the internal auditor BDO setting out the results of the audit of the council's staff retention processes.

In summary, Gurpreet Dulay (BDO) in presenting the report and in answer to questions, and Paul Adams (HR manager) in answer to questions reported:

- The low response rate to the current exit survey was disappointing. A structured face-to-face interview with HR would be used in future to gather more qualitative data on reasons for leaving and the employee's experience at the council.
- Effective appraisals helped in retaining and developing staff and in ensuring that people remained engaged in their work and understood how that achieved the council's aims. HR was working with managers to improve the quality, regularity, and documentation of bi-monthly appraisals.
- Access to HR and appraisal data was restricted to the employee, their line manager, and authorised HR staff.
- There was an increasing focus on encouraging recruitment younger people - including providing good-quality work experience, apprenticeships and entry-level posts - and on encouraging career development.
- HR were in touch with the Home Office about the status of employees from EU countries, but there was limited data on numbers affected and on what checks and permits would be required after the UK left the EU.

Mish Tullar (Communications Manager) outlined the proposed strategy for improving internal communications, including communication about the councils' values.

Councillors noted and commented:

1. Councillors expected to have appropriate input in to any review of the council's values. Values should be both updated and promoted much more vigorously than at present.
2. On completed appraisals, they would like to see an updated table of appraisals carried out by service area showing Sept-March and whole-year percentages.

3. They would like a follow-up report on the implementation and success of the agreed actions.

**The Committee noted the report, answers and comments above.**

*Councillor Tanner left at the end of this item.*

## **28. Internal Audit 6 Accounts Receivable Report - November 2018**

The Committee considered the report of the internal auditor BDO setting out the results of the audit of the council's accounts receivable processes

In summary, Gurpreet Dulay ( BDO) in presenting the report and in answer to questions, and Neil Markham (Incomes Team Leader) in answer to questions reported:

- A relatively new team had taken on a number of new responsibilities (eg dealing with the council's Oxford Direct Services company). Improvements in the team's processes and structure were bedding in and should in future result in a higher assurance rating.
- Processes for both a second reminder letter process and formal engagement of one of two debt collection agencies were in place.
- Further training, guidance and emphasis on completing appropriate due diligence on customers was proposed.
- There was as yet no specific guidance about the interaction between debt recovery and protecting people from hardship, but officers were able to take personal circumstances into account when deciding whether to pursue a debt. The file should clearly record reasons for non-pursuance.

**The Committee noted the report, answers and comments above.**

*Councillor Rush left at the end of this item.*

## **29. Internal Audit: Follow up of recommendations to December 2018**

The Committee considered the report of the internal auditor BDO setting out progress made on those recommendations raised by Internal Audit which are due for implementation.

Gurpreet Dulay (BDO) in presenting the report reported that the recommendations summary table (page 139) showed entirely incorrect figures for 'percentage incomplete recommendations'.

**The Committee noted the report.**

### **30. Ernst & Young - Draft Audit Planning Report for year ending March 2019**

The Committee considered the draft audit planning report from the external auditor, Ernst and Young.

Paul King, external auditor, introduced the report and he and Nigel Kennedy, Head of Financial Services, reported in answer to questions:

- Group accounts ie the Council's accounts including the Council's companies were more complex to audit. Auditors and the finance team were working to ensuring the group accounting structures were correct.
- The impact of new financial reporting standards was set out in the report.
- The finance team carried out regular checks on the accuracy of allocations to capital and revenue spending as a large capital programme carried risks that a misreporting of revenue expenditure as capital could be overlooked.
- The Council's development board managed and monitored delivery of all new projects in the capital programme
- The 2018/19 audit would be carried out under the new contract and with a lower fee, offset by an increase to cover the costs of auditing the group accounts.
- The Housing Benefit claim certification work was covered by a separate contract with the Council.

**The Committee noted and agreed the audit planning report.**

### **31. Internal Audit: Progress Report to January 2019**

The Committee considered the report of the internal auditor BDO setting out progress made against the 2018/19 internal audit plan and executive summaries of three audit reports.

Greg Rubins (BDO) presented the report and answered questions.

The Committee noted that the Fusion partnership report would be finalised and brought to the March meeting. The Scrutiny Committee would be given information on the robustness of Fusion's usage statistics.

**The Committee noted the report.**

### **32. Risk Management Quarterly Reporting as at 30 November 2018**

The Committee considered and asked questions about the report of the Head of Financial Services giving an update on both corporate and service risks as at 30 November 2018.

The Committee commented on the risks related to the council's property fund investments and confirmed that these should continue to be closely monitored.

**The Committee noted the report.**

**33. Minutes of the previous meeting**

The Committee agreed to approve the minutes of the meeting held on 5 November 2018 as a true and accurate record.

**34. 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 8.15 pm**

**Chair .....**

**Date: Monday 11 March 2019**