

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE

Tuesday 1 March 2016

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COUNCILLORS PRESENT: Councillors Fry (Chair), Fooks (Vice-Chair), Coulter, Darke, Munkonge and Paule.

OFFICERS PRESENT: Nigel Kennedy (Head of Financial Services), Jeremy Thomas (Head of Law and Governance), Jennifer Thompson (Committee and Members Services Officer), Scott Warner (Investigation Manager), Anna Winship (Management Accountancy Manager), Jackie Yates (Executive Director Organisational Development and Corporate Services), Gurpreet Dulay (Manager, BDO Internal audit), Greg Rubins (Partner, BDO internal audit), Paul King (Ernst & Young external auditor) and David Guest (Ernst & Young external auditor)

42. APOLOGIES FOR ABSENCE

There were no apologies.

43. DECLARATIONS OF INTEREST

There were no declarations.

44. INVESTIGATION TEAM PERFORMANCE AND ACTIVITY Q1-Q3 REPORT

The Chair took this item first.

The Committee considered the report of the Head of Financial Services, setting the activity and performance of the Corporate Investigation Team from 1 April 2015 to 31 January 2016.

In response to questions officers reported:

- The team aimed to cover its costs by generating income and hoped to repeat this year's success while accepting this may be harder.
- The targets for the FERIS scheme had reduced significantly.
- Income generated and loss avoidance figures for right to buy, property recovery, and housing application fraud prevention were calculated using the Audit Commission methodology.
- Business rates were subsumed into the overall figures in the budget not separately identified: this was a significant amount of money but not a large percentage of the total income.
- The satisfaction survey dealt with the process rather than the outcome and was generally completed at the time of the interview. Surveys could be taken away for completion but were generally not sent back.

Councillors asked for information on the actual net income recovered for the city and county councils in this financial year, in particular for business rates, through recovery and loss prevention.

The Committee noted the report and commended the team on their success.

45. EXTERNAL AUDIT - AUDIT PLAN 15-16 MARCH REPORT

The Committee considered the report of the Council's external auditors, Ernst & Young, setting out how they would carry out their responsibilities for the 2015-16 audit.

Paul King and David Guest, Ernst & Young, outlined the plan for the 2015-16 audit. They reported a reduction in fees from 2014/15 audit. They had not identified any significant risks in the council's arrangements and no significant risks to the value for money assessment. The definition of 'sustainable' used related to financial stability for the continuation of an activity. Measuring social value (as in the Public Services (Social Value) Act 2012) was beyond the remit of the audit. Materiality was consistent with previous years (0.1% of the gross expenditure).

The Committee agreed the audit plan as set out.

46. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT FOR 2014/15

The Committee considered the report of the Council's external auditors, Ernst & Young, summarising the work on the Council's housing benefit subsidy claim and the outcome.

David Guest, Ernst & Young, introduced the report, outlined the certification process and explained there was no leeway or materiality permitted in the certification. He thanked officers for their help with the audit.

He and officers reported and answered questions as follows:

- There was no leeway in the extremely proscriptive auditing requirements from the Department of works and Pensions.
- There was a caseload of around 12,000 individuals. Claims were tending to become more complex and require more work to assess.
- Speed of assessment and accuracy were not always compatible performance targets. It was acknowledged that errors created extra work for staff and adverse impacts for claimants.
- Additional testing was required because of the number of errors, creating a significant amount of work for a small net effect.

The Committee agreed to note the certification of claims letter and returns report.

47. LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING

The Committee considered the local government audit briefing from the Council's external auditors, Ernst & Young and noted:

- The Head of Financial Services had prepared responses to consultations on the New Homes Bonus and Council Tax Support scheme.
- There was no further information on the changes proposed for business rates from April 2020 but there would be new burdens. Revenue Support Grant was being phased out in the run up to this and for Oxford City Council the RSG entitlement was reduced to zero from 1st April 2019.
- Work on the financial viability of devolution proposals would be undertaken if there was a political will to proceed.

48. INTERNAL AUDIT PROGRESS REPORT, QUARTER 3 2015/16

Councillor Paule left before the start of this item.

The Committee considered the report of the Council's internal auditors, BDO, setting out progress against the approved internal audit plan and detailing the recommendations from three audit reports highlighting moderate risks.

The Committee noted the report and the recommendations arising.

49. INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS MARCH 2016 REPORT

The Chair took this item next.

The Committee considered the report of the Council's internal auditors, BDO, setting out progress on implementing the recommendations arising from previous internal audits.

The Committee noted the report and asked that the report show the original anticipated completion date and the actual or expected completion date.

50. INTERNAL AUDIT DRAFT PLAN 2016-17 TO 2016-19

The Chair left the meeting at this point for another appointment, and the Vice-Chair took the chair for the remainder of the meeting.

The Committee considered the report of the Council's internal auditors, BDO, setting out the internal audit plan in detail for 2016-17 and in summary to 2019.

The Committee noted that:

- The plan provided for 230 days work and remained flexible to accommodate new risks and challenges.
- Social value measures would be taken into account where appropriate.
- While there was some duplication with Investors in People, this was accounted for in internal audit's wider remit.

- Treasury management was regularly reviewed to assess resilience. The Council mostly held long term safe investments rather than the stock market, aiming for security and liquidity.

The Committee approved the audit plan as set out in the report of the internal auditors.

51. PROGRESS ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS: QUARTER 3 2015/16

The Committee considered the report of the Head of Financial Services, setting out progress on the implementation of internal and external audit recommendations, and noted that the collection fund recommendations were now completed.

The Committee noted the report.

52. RISK MANAGEMENT REPORT: QUARTER 3 2015/16

The Committee considered the report of the Head of Financial Services, setting out corporate and service risks as at the end of Quarter 3, December 2015.

The Committee noted the report and noted the prudent approach taken to mitigating serious risks arising from the government's proposals around social housing.

53. OFFICER EXECUTIVE DECISIONS MAY 2015 TO FEB 2016

The Committee considered the report of the Head of Law and Governance, setting out Officer Executive Decisions taken this financial year.

The Committee noted the report and decisions taken and asked if more financial information could be included in these.

54. MINUTES OF THE PREVIOUS MEETING

The Committee agreed to approve the minutes of the meeting held on 16 December 2015 as a true and accurate record and the Vice-Chair (in the Chair) signed these as such.

55. DATES AND TIMES OF MEETINGS

The Committee noted the dates and times of future meetings.

The meeting started at 5.30 pm and ended at 7.10 pm