

# Minutes of a meeting of the AUDIT AND GOVERNANCE COMMITTEE on Thursday 11 January 2018

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## Committee members:

Councillor Fry (Chair)	Councillor Munkonge (Vice-Chair)
Councillor Gant	Councillor Iley-Williamson (for Councillor Paule)
Councillor Ladbroke	Councillor Simmons
Councillor Taylor	

## Officers:

Vic Frewin, Chief Information & Technology Officer  
Laura Bessell, Benefits Manager  
Helen Bishop, Head of Business Improvement  
Anita Bradley, Monitoring Officer  
Nigel Kennedy, Head of Financial Services  
Jennifer Thompson, Committee and Members Services Officer  
Anna Winship, Management Accountancy Manager

## Also present:

Gurpreet Dulay, Manager, BDO Internal audit, BDO Internal Audit provider  
David Guest, Ernst & Young external auditor, Ernst & Young

## Apologies:

Councillor Paule sent apologies.

## 29. Declarations of Interest

There were no declarations.

## 30. External Audit progress report - Ernst and Young

The Chair varied the order of the agenda to take this and following items earlier in the meeting.

The Committee considered the report of the external auditor Ernst & Young setting out an overview of the work that is to be completed during the 2017/18 audit.

David Guest, auditor, and the Head of Financial Services reported that although the timetable was changing due to the earlier reporting deadlines there was no significant change to the required work. Ernst & Young had been appointed as the Council's external auditor for 2018/19.

**The Committee noted the report.**

## **31. Housing Benefit Certification Report 2016-17**

The Committee considered the report of the external auditor Ernst & Young setting out a summary of the work on the 2016-17 Housing Benefit Claim.

David Guest, auditor, outlined the work undertaken in certifying the Housing Benefit claim including the criteria for recording errors. The error rate, value, and subsequent loss of subsidy was expected given the position last year. Given the earlier deadlines for the main accounts, work on the Housing Benefit Claim could also start earlier, leading to earlier identification and correction of systemic errors. Most local authorities received a qualification letter and a number each year exceeded the thresholds for subsidy reclaim.

He thanked the Benefits Manager and her team for their support.

He noted that the Council had discretion over, but had not yet confirmed, the appointment of the auditor for the 2017-18 claim.

Laura Bessell, the Benefits Manager, and Nigel Kennedy, Head of Financial Services reported on the steps taken to reach a point where there was an error rate below the subsidy loss threshold:

- a letter had been sent to the Department for Works and Pensions setting out the mitigation and asking it to exercise its discretion and not reclaim subsidy;
- the threshold was not unreasonable given the size of the benefit claim and the expectations of accuracy, but systemic errors with a large effect and unexpected backlogs created by IT problems at crucial times had created a large impact;
- she outlined the quality checking and training to address weaknesses in assessment including early checking and correction to reduce the value of errors and reducing the time between receipt and processing of claims to a more acceptable level;
- there was a focus on key areas where errors were likely to be large and have a disproportionate impact on the error value;
- the work involved in the move of some claimants to Universal Credit was proving a challenge;
- in 2017/18 it was likely that the error would still be over the upper threshold and another £400k loss of subsidy was expected;
- in part this was because the calculation is as a percentage of the total housing benefit claim which would reduce by about 10% as people moved to Universal Credit;
- the aim was to reduce the error rate below the threshold for the 2018/19 claim;
- losses were mitigated by monies recovered from reclaimed overpayments;
- in 2016/17 a serious IT outage impacting the Council's productivity had resulted in compensation for loss of service;
- the loss was covered through contingency funds.

**The Committee noted the certification report from the external auditor; the points from the discussion, and progress made by the benefits team to reduce the error rate.**

## **32. Review of ICT Transformation Project**

The Committee considered the report of the Head of Business Improvement setting out progress with the ICT Transformation Plan.

Helen Bishop, Head of Business Improvement and Vic Frewin, Chief Technology & Information Officer (interim) , reported that:

- a new permanent Chief Information Technology Officer would be in post shortly;
- reviews of infrastructure, process and staff structure and skills were complete and the programme was entering phase 2;
- monitoring and service level agreements were improving performance and responses
- permanent staff have been transferred to roles where they can be most effective and contractors brought in on a temporary basis to fill skills gaps;
- the restructure provided an opportunity to create clear roles and goals, with career paths and allowing people to develop skills;
- role descriptions allowed people to specialise and the proposal was to develop the council's own staff
- apprenticeships were not necessarily appropriate: the apprenticeship levy allowed training for existing staff and recruiting and training new junior staff, not just providing formal apprenticeships;
- there was an increased budget for both staffing and infrastructure;
- manufacturers were working on patches for recently publicised security flaws in pre-July 2017 manufactured Intel chips and internal security systems were adequate. Laptops replaced from June 2018 onwards should have newer secure chips;
- work on the new build for councillors' iPads was completed and this would be rolled out after the elections to new and existing councillors.

**The Committee noted the report, discussion, and progress made.**

## **33. Internal Audit progress reports: to January 2018**

The Committee considered the report of the internal auditor BDO setting out progress made against the internal audit plan.

Gurpreet Dulay, internal auditor, reported that the audit plan was on track.

The Committee considered the individual audit reports included.

### GDPR

The Committee noted the report.

Helen Bishop, Head of Business Improvement gave an update on the implementation of changes as a result of the GDPR (General Data Protection Regulations) and reported that the project plan, processes and training were in place to ensure the council was in compliance. The Head of Law and Governance explained her oversight role.

### Recruitment and retention

The Committee commented that a focus on exit interviews, with someone other than the line manager, and an analysis of the results would be beneficial.

The Head of Business Improvement reported that leavers were offered a formal exit survey but not followed up. Turnover was about average for a local authority. A small number of market supplements were paid for key roles and options for revising terms and conditions with a view to improve retention were being considered.

The Committee noted without comment reports on:

- Accounts payable
- Council tax and NNDR
- Housing rents.

**The Committee noted progress against the audit plan, the individual reports, and the discussion.**

## **34. Internal Audit - final audit summary on Fusion Leisure**

The Committee considered the report of the internal auditor BDO setting out the summary of the internal audit review of Fusion Lifestyle

Gurpreet Dulay, internal auditor, recommended that Fusion and the council should address the reasons why the stakeholder/ customer panel meetings were not working well at all sites. He also recommended that the council monitor Fusion's staffing changes to ensure these did not have an impact on services.

The Committee noted that Fusion's performance data would now appear in the quarterly performance report considered by the Scrutiny Committee.

**The Committee noted the report.**

## **35. Internal Audit: Follow Up of Recommendations to December 2017**

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

Gurpreet Dulay, internal auditor, reported that work on the recommendations on Freedom of Information was ongoing and the 'publication scheme' was being developed.

On the recommendations on cybercrime, Vic Frewin reported that work was ongoing with the different services' data owners as they were responsible for their own data security. All data stored remotely was on fully PSN compliant, secured and accredited servers.

**The Committee noted the report.**

## **36. Setting of the Council Tax Base 2018-19**

The Chair varied the order of the agenda to take this item towards the end of the meeting.

The Committee considered the report of the Head of Financial Services requesting the setting of the "Council Tax Base" for 2018/19 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

### **The Committee resolved:**

- a) that the 2018/19 Council Tax Base for the City Council's area as a whole is set at 44,623.4 (as shown in Appendix 1)
- 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) be set as follows:

Unparished Area of the City	37,300.3
Littlemore Parish	1,754.0
Old Marston Parish	1,269.1
Risinghurst & Sandhills Parish	1,444.1
Blackbird Leys Parish	2,855.9
<b>City Council Total</b>	<b>44,623.4</b>

## **37. Business Continuity and Disaster Recovery Review - Progress Report**

Councillor Fry left the meeting at the start of this item and the Vice Chair, Councillor Munkonge, took the chair.

The Committee considered the report of the Head of Financial Services setting out progress of a review of Business Continuity and Disaster Recovery Plans.

Nigel Kennedy, Head of Financial Services, introduced the report and explained that disaster recovery processes were being reviewed in light of the audit to ensure these were adequate. Processes and procedures were now satisfactory and these would be tested and reviewed annually.

Vic Frewin explained the tests carried out for recovery from catastrophic failures of ICT systems. A disaster recovery plan and process manual was in place both in the council and with the data server provider.

**The Committee noted the report and the comments.**

**38. Risk Management Quarterly Reporting as at 30 November 2017.**

The Committee considered the report of the Head of Financial Services giving an update on both corporate and service risks as at 30 November 2017.

**The Committee noted the report.**

**39. Minutes of the previous meeting**

The Committee agreed to approve the minutes of the meeting held on 26 September 2017 as a true and accurate record.

**40. 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 7.45 pm**

**Chair .....**

**Date: Monday 12 March 2018**