

# Minutes of a meeting of the Audit and Governance Committee on Thursday 29 July 2021

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## Committee members present:

Councillor Fry (Chair)	Councillor Munkonge (Vice-Chair)
Councillor Coyne (for Councillor Corais)	Councillor Mundy (for Councillor Hall)
Councillor Pressel (for Councillor Chapman)	Councillor Roz Smith

## Officers present for all or part of the meeting:

Nigel Kennedy, Head of Financial Services  
Yasmin Ahmed (Internal Auditor)  
Scott Warner, Investigation Manager  
Jennifer Thompson, Committee and Members Services Officer

## Also present:

Yasmin Ahmed (Internal Auditor), BDO

## Attending remotely on Zoom:

Bill Lewis, Financial Services  
Susan Sale, Monitoring Officer and Head of Law & Governance  
Adrian Balmer (External Auditor), EY  
Gurpreet Dulay, (Internal Auditor), BDO  
Simon Howick, Managing Director, Oxford Direct Services  
Catherine Pridham, Non Executive Director, Oxford Direct Services

## Apologies:

Councillors Chapman, Corais and Hall sent apologies.

### 1. Election of Chair for 2021/22

Cllr Fry was elected as Chair for the Council year 2021/22.

### 2. Election of Vice Chair for 2021/22

Cllr Munkonge was elected as Vice-Chair for the Council year 2021/22.

### 3. Declarations of Interest

None

#### **4. Investigation Team Annual Report 2020-2021**

The Committee considered a report from the Head of Financial Services setting out the activity and performance of the Counter Fraud Team for the fiscal year 1 April 2020 to 31 March 2021.

Scott Warner, Counter-Fraud Manager, introduced the report and answered questions from the Committee, explaining the changes to the team's work and results due to effects of the Covid pandemic. Income from commercial contracts covered the associated costs. He considered that targets were achievable, although the past year had proved challenging and achievements in some areas (eg social housing property recovery) could be variable.

He explained the work carried out both to encourage genuine applications and to prevent fraudulent applications for the different Covid-related business support grants, and processes to effectively verify and assess applications.

The annual fraud conference, held online, had proved highly successful but would revert if possible to an in-person event as this provided increased benefits for exhibitors and delegates, although at the expense of ease of attendance.

The Committee resolved to exclude the press and public in order to discuss the policy and practical implications arising from the specific investigations outlined in the confidential appendix. When discussion had concluded, the Committee resolved to re-open the meeting to the press and public.

**The Committee agreed to note the report.**

#### **5. Risk Management - Quarter 4 2020/21 and Quarter 1 2021/22 ending 30-6-2021**

The Committee considered a report from the Head of Financial Services setting out the corporate and service risks as at 31 March & 30 June 2021.

The Committee asked questions and noted:

- Service areas defined their own risks with corporate oversight from the Council's risk management group.
- The risk to the delivery of planned capital projects if adequate long-term resources for project management could not be secured, and the funding options available.
- The adverse impact if economic development and city centre management objectives could not be delivered because long term funding could not be secured through budget bids or grants.
- Measures to reduce risks in the Regeneration & Economy area, such as training, sourcing specific skills, and improving skills.

**The Committee agreed to note the report and the quarterly risk registers.**

#### **6. Internal Audit: Progress Report July 21**

The Committee considered the report on progress against the Internal Audit plan and discussed and noted the recommendations.

Yasmin Ahmed and Gurpreet Dulay, the Internal Auditors, introduced the report and explained in answer to questions about the sector update from the Committee:

- On checklists to assess inter-council lending proposals, the auditors' advice is that lending to councils with substantial financial issues (likely to or having had to issue a S114 notice) is inadvisable, but individual councils could take their own view on the risks case by case.
- The further delay of the Fair Funding Review was potentially advantageous for this council, but unwelcome news for those who may have benefited from the changes.
- Shortening the business rates valuation period added to the workload of the Valuation Office, and to the uncertainty for the Council's income and for businesses. The shorter deadline applied to lodging the appeal, not to the outcome: deadlines for resolution were unclear but currently there was a substantial backlog with some 10 year old appeals were still unresolved.
- The Council's companies were responsible for filing their documents with Companies House. The finance team filed accounts for the housing company group and Oxford Direct Services (OXWED filed their own) and the Company Secretary was responsible for other filings. The annual external audit should confirm that these were in order.

**The Committee agreed to note the report.**

## **7. Internal Audit Annual Plan 2021-24**

The Committee considered the Internal Audit Plan for 2021-2024. The Internal Auditors introduced the Plan and answered questions from the Committee.

The Committee noted that the auditors had implemented remote review processes over the past year: these were not as easy as face-to-face working but were working successfully. Reviews of Accounts Receivable and Accounts Payable processes happened every 2<sup>nd</sup> year.

The Committee noted that the Housing Rents Audit (Q3) would cover both the installation of the QL Areon IT system and its operation, and asked for a 'lessons learned' review to be scoped and included. They asked the auditors and Head of Finance to consider carrying out a review of ICT project management.

**The Committee agreed to note and approve the Internal Audit Plan subject to including in this financial year a 'lessons learned' report on the implementation of the QL Areon Housing IT system.**

## **8. Internal Audit Annual Report 2020-21**

The Committee considered the Internal Audit Annual Report for 2020-2021. The Internal Auditors introduced the report and answered questions from the Committee.

The Committee noted that for the Corporate Performance element, the auditors held a workshop on developing an updated set of key performance indicators for each service area and were drawing together a set of corporate and service area performance indicators for use this year.

**The Committee agreed to note the Annual Report.**

## **9. Internal Audit Follow Up Report July 2021**

The Committee considered the report on progress on implementing Internal Audit recommendations, and noted where implementation was either completed or in progress.

The Internal Auditors introduced the report and in answer to questions from the Committee explained:

- Robust follow up processes ensured that recommendations and actions were completed in time. If this was not possible, usually because of workload or inter-related systems impacting on delivery, new completion dates were agreed between the auditors and the actions' owners.
- The procurement strategy was due for a full review in 2022, two years after the last full refresh. A minor review/ refinement of the strategy would take place this financial year.

**The Committee agreed to note the report.**

## **10. Internal Audit Follow Up Report (Companies Oversight)**

The Committee considered the report on progress on implementing Internal Audit recommendations arising from their Companies Oversight report, and noted where implementation of the recommendations was either completed, or in progress and due to be reported at the October meeting.

As part of completion of the 5<sup>th</sup> recommendation, a comprehensive verbal report on the audit opinion issued to Oxford Direct Services (ODS) was given by Simon Howick , MD, and Catherine Pridham, Non-Executive Director and Chair of the ODS Audit Committee.

They gave a thorough overview of the internal audit work carried out by BDO for the company and the work of the audit committee in ensuring systems of control and risk mitigation were in place. ODS had implemented the internal audit recommendations, apart from those relating to the newly operational QL system. The audit committee had agreed a set of processes and policies to ensure robust internal controls were in place. The Audit Committee could provide assurance that ODS had implemented these and appropriate controls were in place.

On the implementation of the report's 4<sup>th</sup> recommendation, Simon Howick confirmed that ODS were aware of the need to demonstrate value for money for the council, and worked hard to achieve this. There was no specific policy requiring sub-contracted work to be placed locally but ODS's procurement strategy mirrored the Council's and thus included the objective of using local firms.

**The Committee agreed to note the Internal Audit report and the verbal report on the audit opinion issued to Oxford Direct Services.**

## **11. External Audit: Draft Audit results report**

The Committee considered the report of the External Auditor EY summarising the status of the audit of the 2020-21 financial statements.

Adrian Balmer, External Auditor, introduced the report and explained the stages remaining before the audit was completed.

Areas of complexity requiring external experts or involving other audit firms included the company group structure and consolidation, property valuation, and pension fund valuation. There were no matters of concern to raise with the committee at this stage.

**The Committee agreed to note the report.**

## **12. Whistleblowing Policy Review July 2021**

The Committee considered a report from the Head of Law & Governance presenting the refreshed Whistleblowing Policy for adoption. Susan Sale, the Head of Law & Governance, introduced the report and answered questions.

The Committee noted that the policy would be included in the Council's Constitution and all staff made aware of it and encouraged to use it if needed. The policy was relevant for all members of staff and elected councillor. Councillors also had other avenues available and should in the first instance raise concerns with the Monitoring Officer. Staff could seek assistance from trade union representatives or senior colleagues.

**The Committee resolved to approve the refreshed Whistleblowing Policy.**

## **13. CIPFA Financial Code update**

The Committee considered a report from the Head of Financial Services advising them of the requirements of the Chartered Institute of Public Finance & Accountancy (CIPFA) Financial Management Code 2019 (FM Code), which came into operation on 1 April 2021, and the Head of Financial Services' commentary on meeting these requirements.

**The Committee agreed to note the report.**

## **14. Minutes of the previous meeting**

**The Committee agreed to approve the minutes of the meeting held on 22 April 2021 as a true and accurate record.**

## **15. 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 8.25 pm**

Chair .....

**Date: Wednesday 29 September 2021**