

Minutes of a meeting of the Audit and Governance Committee on Wednesday 20 October 2021

Committee members present:

Councillor Fry (Chair)	Councillor Munkonge (Vice-Chair)
Councillor Chapman	Councillor Corais
Councillor Hall	Councillor Humberstone (for Councillor Latif)

Officers present for all or part of the meeting:

Emma Griffiths, Lawyer
Nigel Kennedy, Head of Financial Services
Bill Lewis, Financial Accounting Manager
Susan Sale, Monitoring Officer and Head of Law & Governance
Jennifer Thompson, Committee and Members Services Officer
Scott Warner, Investigation Manager

Also present:

Yasmin Ahmed (Internal Auditor), BDO
Gurpreet Dulay, (Internal Auditor) BDO (remote attendance)
Adrian Balmer (External Auditor), EY (remote attendance)
Maria Grindley (External Auditor), EY (remote attendance)

Apologies:

Councillors Latif and Roz Smith sent apologies.

Substitutes are shown above.

16. Declarations of Interest

There were no declarations.

17. Risk Management - Quarter 2 - 30 September 2021

The Committee considered the report of the Head of Financial Services updating the Committee on both corporate and service risks as at 30 September 2021.

The Financial Accounting Manager, Bill Lewis, introduced the report and answered questions from the Committee

Committee members commented:

- They would like the risk register to include
 - Which risks were within the Council's control and which were not (controllable and uncontrollable risks).

- Risk level and tolerance level.
 - Mention of external bodies and agencies whose performance or decisions posed a level of risk.
 - Measures to mitigate controllable and uncontrollable risks or change the risk level;
 - Mitigation or risk reduction measures, with commentary on expected outcomes and actions to be taken to achieve these.
 - Clear ownership and responsibility for mitigation/ control.
 - Where the risk to the Council was governed by external factors, but there were measures the Council could take to mitigate these by influencing the external factors (eg business rates income and support for economic growth),
- Could other local authorities be encouraged to strongly support business growth to reduce the overall risks around economic growth and business rates?
- Where the lack of capacity in external statutory consultees for planning applications adversely affected the planning service's delivery and the Council's projects, was that adequately factored into the service's risk planning and mitigation?
- They noted that a half-day training session on risk planning and performance was offered to managers, and that the senior management team carried out an annual review with external support from the council's insurers. Members asked how to better develop a collective understanding across the council of corporate risks and tolerances.
- Members wish to work with senior Council officers to establish a common risk appetite for the Council.

The Committee agreed to

1. **note the risk management report and its contents;**
2. **request the inclusion of the additional information noted above; and**
3. **note the comments above.**

18. External Audit: Draft Audit results report for the year ending 31 March 2021

The Committee considered the report of the external auditor EY informing the Committee of outcome of the audit of the accounts to date.

The external auditors, Adrian Balmer and Maria Grindley, reported that their audit was still incomplete. Remaining matters were set out in Appendix B of their report. On the group accounts, they were seeking further information to assure themselves of the veracity of the audits of the Council's companies Oxford City Housing Ltd and Oxford Direct Services Ltd. Work on OxWED was complete. Some audit work relating to the Covid-related grants; valuation of assets; and a number of points of clarification were still incomplete. They informed the committee that all work would be completed and the audit concluded by the end of October. As set out in the report, there was one uncorrected misstatement and no adjustments above the materiality threshold.

The Head of Financial Services, Nigel Kennedy, and the Financial Accounting Manager, Bill Lewis, informed the Committee:

- The Council had processed 18 different government Covid-related grants (totalling £52m to be disbursed or to compensate for revenue loss/ extra costs) with different rules, often poor documentation and guidance, and short timeframes. These proved challenging to administer and to audit. Claims against revenue loss from sales fees and charges to the end of June 2021 were due to be submitted shortly. After the grant and compensation schemes ended the government may choose to audit selected councils although details of this are as yet unknown.
- The ‘whole of government accounts’ is prepared by HM Treasury from standard forms sent by and returned to the government. There is a delay in the release of the standard forms by HM Treasury, however the committee was assured that once received, the forms would be sent back in good time.
- The Council could not fail as a ‘going concern’ because its functions would continue and any changes would require primary legislation to enact. The ‘going concern’ assessment undertaken by auditors is focussed on resilience rather than the standard assessment used for companies. There are sufficient reserves to provide resilience, however there are known pressures and the success of the council’s companies affected the overall position.

The Committee noted the report and the points made in the discussion, and agreed to note the incomplete audit when they considered the Statement of Accounts.

19. Statement of accounts for the Year Ending 31 March 2021

The Committee considered the report of the Head of Financial Services submitting the Council’s Statement of Accounts and Letter of Representation for approval and authorisation.

The Committee agreed that once the final audit opinion was issued and the Statement of Accounts finalised, the Chair and other committee members would meet informally with the Head of Financial Services and the Financial Accounting Manager to consider the Statement before the Chair signed these.

The Committee noted that the Statement presented was subject to final minor changes required following completion of the external audit. The Committee also noted that only a small number of local authorities’ accounts were fully audited by 30th September.

The Committee commended the Financial Accounting Manager and his team for their work on the statements so far.

The Committee resolved to:

1. **Approve the audited 2020/21 Statement of Accounts as agreed by the Head of Financial Services, and authorise the Chair of the Committee to sign the Accounts after any emerging non-material changes were included;**
2. **Approve the Letter of Representation, and authorise the Chair of the Committee to sign this, and date on date of signing, to enable the opinion to be issued.**
3. **Request the Head of Financial Services to set up a meeting with members of the Audit and Governance Committee, once the audit opinion from Ernst and Young had been agreed to enable time for committee to scrutinise the statement of accounts in more detail.**

20. Annual Governance Statement 2020/21

The Committee considered the report of the Head of Law & Governance setting out the 2020/21 Annual Governance Statement for consideration and approval, the previous action plan for 2020/21, and the new 2021/22 action plan for information.

The Head of Law and Governance, Susan Sale, introduced the report and answered questions. She recommended the approval of two corrections to the Statement:

- In para 4.4 reference is made to Audit & Governance Committee approving a bribery policy in September and the date of approval would therefore need to be amended to this meeting's date.
- Para 5 of the covering committee report referred to the action plan for 2021/22 being the subject of a future report to this Committee. The draft action plan was included here so para 5 would be amended to reflect that.

The Committee resolved to approve the Annual Governance Statement for the 2020/21 financial year with the minor amendments as above.

21. Avoiding Bribery Fraud and Corruption Policy update

The Committee considered the report of the Head of Financial Services appraising Members of the reviewed Anti-Bribery, Fraud & Corruption Policy. The Investigations Manager, Scott Warner, introduced the report and answered questions.

The Committee noted that instances of misconduct covered under this policy were very low. The policy linked to the Whistleblowing Policy and indirectly to the Members' Code of Conduct. Staff would be made aware of this and the whistleblowing policy and these would be referred to in members' training on the code of conduct and governance.

The Committee also noted that:

- the Investigation Team were holding their Annual Fraud Conference in-person on 24 November 2021.
- the Investigations Team had won two Institute of Revenues Rating and Valuation (IRRV) awards in October 2021: excellence in counter fraud and excellence in partnership working (for work undertaken with Reigate and Banstead Council), and congratulated the team on their achievement.

The Committee agreed to note the content of the report and that the Anti-Bribery, Fraud and Corruption Policy attached at Appendix 1 be retained without amendment.

22. Internal Audit Progress Report October 2021

The Committee considered the report of the Internal Auditor BDO informing the Committee on progress made against the Internal Audit work plan and on the outcome of their reviews including executive summary reports on Business Continuity and Disaster Recovery and Data Analytics.

The Internal Auditor, Yasmin Ahmed, introduced the report. She reported changes to the operational plan agreed at the July meetings:

Reviews delayed for operational reasons

- Car park review – given the reduced use of council car parks arising from the pandemic this report would be pushed back until later in the year.
- Homelessness prevention and temporary accommodation – Deferred to later in the year
- People and Culture – Considered that considerable work is currently being undertaken in this area by the Council and that this audit would be better to look at the impact of this work later in the year
- Highways audit would not take place- the Highways Agency contract with the County Council is currently under review, which may lead to its termination. It is considered that until this is resolved then this work needs to be delayed and depending on the outcome of the review, removed from the programme

Reviews added to the plan

- Private Rented Sector (PRS) including income collection controls
- Academy vs Civica Open Revenues (data migration controls and effectiveness). There had been no issues from the changeover from the Academy system to Civica earlier in the month.

The Committee noted the auditors would review and make recommendations about cash transactions during the PRS audit. They recommended eliminating anything other than electronic payments to landlords through the private rented sector schemes and sought assurance about the security and audit trail for the remaining few cash transactions. They noted the council did not accept cash but directed people to the pay-points at banks or the post office.

Car parking income remained down by 40% mainly due to underuse of the Park and Ride sites and was not expected to recover until 2022/23. Cashless payment options were encouraged over cash. The audit would be delayed until income and occupation levels recovered to allow a complete appraisal.

The Chair raised concerns that loss of contracts in respect of Investigation Services and potentially Highways Agency and less cooperative working with the County Council could lead to a loss of income for Oxford City Council and poorer outcomes for both councils.

The Committee considered the executive summary reports. On the data analytics report, they noted the number and value and delay of retrospective purchase orders was disappointingly high and that the Head of Financial Services would draw this to the attention of the Heads of Service .

The Head of Financial Services advised that there would be a 'lessons learned' report on the QL implementation although a decision as to who would undertake and when it would completed was yet to be made. The Committee recommended that they consider the proposed 'lessons learned' report from the QL Aareon implementation once it was complete.

The Committee agreed to note the report and their recommendations:

- to eliminate cash payments and use only electronic payments to landlords through the private rented sector schemes
- that the proposed ‘lessons learned’ report from the QL Aareon implementation be presented to the Committee once it was complete
- that the Head of Finance would draw to the attention of Heads of Service the poor governance around procure to pay and follow this up in future internal audit work

23. Internal Audit Follow Up Report October 2021

The Committee considered the report of the Internal Auditor BDO setting out details on the implementation of the recommendations from their previous internal audit reviews.

The Internal Auditor, Yasmin Ahmed, introduced the report.

On the incomplete recommendations from the companies Oversight review, the Head of Financial Services advised work had started to revise the job descriptions of the three executive directors and three service heads involved in the companies. Following discussions with the affected officers these should be in place by the end of November. The Committee expressed their disappointment with progress and an update on this would be given to the next meeting.

The Committee agreed to note the report.

24. Appointment of External Auditors 2023/24 to 2027/28

The Committee considered the report of the Head of Financial Service asking them to consider the process to appoint external auditors for the next procurement period covering the audits of financial years 2023-24 to 2027-28, and recommending opting into the national procurement scheme run by PSAA (Public Sector Audit Appointment).

The Committee resolved to recommend that Council:

1. Accepts Public Sector Audit Appointment’s invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023;
2. Authorises the Head of Financial Services to opt in to the national scheme for auditor appointments for the provision of external audit services starting with the audit of the 2023/24 accounts.

25. Minutes of the previous meeting

The Committee agreed to approve the minutes of the meeting held on 29 July 2021 as a true and accurate record.

26. 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 8.00 pm

Chair

Date: Thursday 27 January 2022

*When decisions take effect: immediately.
Details are in the Council's Constitution.*