

# Minutes of a meeting of the Audit and Governance Committee on Wednesday 26 April 2023

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## Committee members present:

Councillor Corais

Councillor Fry

Councillor Jarvis

Councillor Latif

Councillor Roz Smith

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

Nigel Kennedy, Head of Financial Services

Bill Lewis, Financial Accounting Manager (remote attendance)

Emma Griffiths, Legal Adviser (remote attendance)

Lucy Brown, Committee and Member Services Officer

## Also present:

Yasmin Ahmed, Internal Auditor (BDO) (remote attendance)

Greg Rubins, Internal Auditor (BDO)

Adrian Balmer, External Auditor (Ernst & Young) (remote attendance)

Helen Bishop, Head of Business Improvement (remote attendance) Items 41 and 42

Emma Gubbins, Corporate Assets Lead (remote attendance) Items 41 and 42

James Pickering, Welfare Reform Manager (remote attendance) Item 42

James Marriott, Operations Manager Financial Services (remote attendance) Item 42

Mish Tullar, Head of Corporate Strategy (remote attendance) Item 42

## Apologies:

Councillor Thomas sent apologies.

No substitutions were provided.

*On agreement by the Committee, agenda item 7 was moved to the end of the meeting.*

## 38. Declarations of Interest

There were no declarations of interest received.

## 39. Risk Management Report as at 31 March 2023

The Head of Financial Services had submitted a report which updated the Committee on both corporate and service risks as at 31 March 2023.

Bill Lewis, Financial Accounting Manager introduced the report and highlighted the number of Red risks had been reduced to four on the Corporate Risk Register, the

Terrorism risk had been reduced to Amber and the national risk level for England had been downgraded from Severe to Substantial, meaning an attack is unlikely.

In discussion, it was questioned whether staff retention and recruitment should be increased to a Red risk rating and on agreement of the Committee, a paper prepared for the next Committee meeting for further consideration of this item. In response, Helen Bishop, Head of Business Improvement agreed that an updated position on mitigating actions being taken, would be brought to the next meeting of the Committee. The Committee requested particular reference be provided on the consequence of Brexit on the recruitment of staff as a national issue.

**The Committee noted the report.**

#### **40. External Audit: Statement of Accounts 2021-2022 - verbal update**

Adrian Balmer, External Auditor, Ernst & Young, provided a verbal update to the Committee on the 2021/22 accounts and Audit Plan for the 2022/23 accounts. He highlighted that as previously reported to the Committee, they work continued to conclude the 2021/22 accounts and residual areas were being worked through collaboratively with the Finance Team. They hoped to return in June to conclude the audit of the 2021/22 accounts, however this would be dependent on the work undertaken by the external auditors of the ODS Group.

He provided assurance to the Committee that they were in contact with the Finance Team to ensure planning of the 2022/23 accounts, notwithstanding the delays with the 2021/22 accounts highlighted above.

The Financial Accounting Manager provided an update to the Committee on the position of the 2021/22 accounts regarding the final position on the ODS Group accounts. He advised that the accounts had not yet been sent to the company auditors and work continued.

The Head of Financial Services provided an update on the current position and issues experienced by the implementation of the QL system and how these are connected to the delays being experienced in finalising these accounts.

The Committee noted the current status of the 2021/22 and 2022/23 audits and thanked Officers for the update.

#### **41. Internal Audit: Progress Report - April 2023**

Yasmin Ahmed, Internal Auditor (BDO) presented the internal audit progress report for March 2023, which informed the Committee on progress made against the internal audit plan for 2022/23. It was noted that good progress had been made in the delivery of the April 2023 audit plan and presented the following reports to the Committee:

- Change Programme
- Enforcement Restructure
- Cyber Security (to be presented in a private session)
- Housing Rents

It was confirmed that fieldwork was underway for Planned Maintenance and Refurbishment and Contract Management and Procurement, which would be presented to the next Committee meeting, and Community Strategy would not be undertaken as

the Council had undergone developments within this area and the scope of the audit work would have duplicated the work currently being undertaken.

In response to a question from the Committee, the Internal Auditors confirmed that the targets outlined in the Enforcement Restructure would be achieved.

*Greg Rubins arrived at the meeting.*

In discussion, the Head of Financial Services confirmed that the amount of arrears identified within the Housing Rents audit was comparative with other Local Authorities and arrears experienced in previous years, including those during the pandemic.

**The Committee noted the report.**

## **42. Internal Audit: Follow Up Report - April 2023**

Greg Rubins, Internal Auditor (BDO) presented the internal audit follow up report which informed the Committee on the implementation of the recommendations from their previous internal audit reviews and noted that whilst there remained outstanding audits from 2021/22, the majority of these had been completed. Seven recommendations were overdue in Private Rented Sector and Project Management, however considerable work had been undertaken to complete these and of the 29 outstanding recommendations for the Environment audit, 10 had been implemented and the remaining given a revised due date.

The 2022/23 audit plans had progressed well with all recommendations for Sickness and Absence Management and NNDR & Business Rates Pooling having been completed.

The Head of Corporate Strategy provided an update on the status of Environment audits which were in progress and highlighted the good progress that had been achieved by the Asset Review Group and Development Review Board. He advised that the target dates are realistic and was satisfied that a number of actions had already been completed. He highlighted the approach that had been provided to Cabinet for developing the Biodiversity Strategy and the resource that would be required to support this.

The Senior Estates Surveyor updated the Committee on the progress of the Income Generation audits which were in progress, and highlighted that the procurement of the asset management system was likely to be progressed within the next 6-12 months which had unfortunately moved the target date for completion to 31/03/2024.

The Committee commented that it would be useful for a number system to be incorporated on the report to identify the paragraphs they refer to.

The PMO lead updated the Committee on the overdue audits for Project Management and advised that the outstanding training had been booked for June. This incorporated a wider roll out of training to Project Managers, to address new project documentation requirements for CDM and environmental considerations.

The Welfare Reform Manager provided an update on the two residual actions that were outstanding from the audit, one of which was complete and one ongoing. The outstanding action related to an automated function within the QL system that was sat within the test environment prior to becoming live.

**The Committee noted the report.**

### **43. Internal Audit: Audit Plan 2023/24 and Strategic Plan 2023-26**

The Internal Auditors presented the report which set out the proposed Internal Plan for 2023/24 and the Strategic Plan for 2023-26 of which uses the Council's own risk management process and risk register as a starting point for audit planning to represent the client's own assessment of the risks to achieving its strategic objectives. There remained a focus on housing with planned audits for the Private Rented Sector, Empty Properties and Dwellings, Planning Services and Health and Safety and Fire Safety.

The Committee commented that Recruitment and Retention from the Corporate Plan had been scheduled for 2024/25, and the Internal Auditors advised that they would work with the Council to agree any rescheduling of the audit. The Committee agreed that this would be reviewed following the next meeting for the paper to be submitted by the Head of Business Improvement.

In discussion, the Internal Auditor clarified that the Health and Safety and Fire Safety would be one audit mapped across three priorities of the corporate plan.

**The Committee resolved to approve** the Internal Audit Plan for 2023/24 and the Strategic Plan for 2023-26.

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

In discussion, the Head of Financial Services clarified that the under item 32., the procurement of the asset management system had been pushed back following a review by the Change Board, which considered the new Cloud based system of Agresso take priority. This was scheduled to complete at the end of October, and the asset based management system would be scheduled for completion in March 2024.

**The Committee agreed to approve** the minutes of the meeting held on 18 January 2023 as a true and accurate record.

### **45. Matters exempt from publication and exclusion of the public**

The Committee heard an oral representation by a member of the press requesting the Committee allow the following item be heard in either full or part session.

The Chief Technology and Information Officer advised that the report was a technical detailed report which contained specifics which could be used in the public domain to test the Council infrastructure and security. However, whilst the technical details contained within such reports could be removed to provide information to the press and public in the future, the entirety of the report should remain in exempt session.

The Legal Advisor to the Committee confirmed that the report had potential to disclose information relating to the financial affairs of the Council and had been excluded under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act, and also the Committee could consider that Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972 applied since the report contained information about the cyber security measures taken by the Council which ought to be exempt as it was about the prevention of crime.

The report as written in this particular case could not be divided up to enable its presentation in public session, the Committee agreed that a summary of the conclusions could be provided to the public minutes.

## **46. Cyber Security Report**

*Cllr Latif arrived at the meeting.*

The Chief Technology and Information Officer presented the report prepared by the Council's auditors which provided an audit of the information and cyber security arrangements in place. He informed the Committee a yearly assessment to achieve certification of the Public Services Network Code of Compliance was carried out by the Council. It was also noted that the Council were in agreement with the considerations stated within the auditor's report, and were in fact concluding a series of recommended enhancements through a forward plan supported by the Department of Levelling Up, Housing and Communities grant to carry out a cyber security treatment plan. He advised that external resource had been approved to further strengthen cyber security across the Council.

The Committee discussed the details of the report in private session and received responses to questions and comments from the Chief Technology and Information Officer and the Internal Auditors.

**The Committee noted the report.**

## **47. Confidential minutes of the previous meeting**

The Committee agreed to **approve** the confidential minutes of the meeting held on 18 January 2023 as a true and accurate record.

## **48. 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 7.50 pm**

**Chair .....**  
**2023**

**Date: Wednesday 26 July**

*When decisions take effect:*

*Cabinet: after the call-in and review period has expired*

*Planning Committees: after the call-in and review period has expired and the formal decision notice is issued*

*All other committees: immediately.*

*Details are in the Council's Constitution.*