

# Minutes of a meeting of the Audit and Governance Committee on Wednesday 27 September 2023



## Committee members present:

Councillor Corais	Councillor Fry (Chair)
Councillor Jarvis	Councillor Roz Smith
Councillor Thomas (Vice-Chair)	

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

Lucy Brown, Committee and Member Services Officer  
Nigel Kennedy, Head of Financial Services (remote attendance)  
Bill Lewis, Financial Accounting Manager (remote attendance)  
Tom Woodhams, Team Leader Lawyer (remote attendance)

## Also present:

Gurpreet Dulay, Internal Auditor, BDO  
Adrian Balmer, External Auditor, Ernst & Young (remote attendance)  
Rocco Labellarte, Chief Technology and Information Officer (remote attendance)  
Simon Howick, Managing Director, Oxford Direct Services Limited (remote attendance)  
Catherine Pridham, Non-Executive Director Oxford Direct Services Limited (remote attendance)

## Apologies:

Councillor(s) Hall, Latif and Rowley (as substitute for Cllr Latif) sent apologies.  
Substitutes are shown above.

## 17. Declarations of Interest

There were no declarations of interest received.

## 18. External Auditors

Adrian Balmer, External Auditor, Ernst & Young, provided the Committee with a verbal update of the 2021/22 audit, and advised that this work had recommenced following the finalisation of the group's subsidiary accounts and regular meetings were now being held with the Council to bring a substantive audit results report to the next Committee meeting.

He advised that more information from the Department of Levelling Up, Housing and Communities was expected, which would provide further clarification on the direction of

the government on tackling the completion of outstanding Local Authority audits, and the implications for future audits.

It was expected that the audit would be signed off via delegated authority as in previous years, notwithstanding any significant changes that would be reported to the Committee.

Nigel Kennedy, Head of Financial Services, advised that contracts for auditors set by the PSAA are negotiated for the majority of Local Authorities, and confirmed that Ernst & Young had been awarded the contract for the Council. The fee structure was determined by the tendering process set by the PSAA, and any additional works would determine the final amounts charged.

The Committee noted the update from the External Auditors and looked forward to receiving the audit results report at the next meeting.

## **19. Internal Audit Progress Report - September 2023**

The Internal Auditor, BDO, submitted a report which informed the Committee on the progress made against the Internal Audit work plan and the outcome of their reviews.

*Cllr Corais arrived at the meeting.*

*Adrian Balmer left the meeting and did not return.*

Gurpreet Dulay, Internal Auditor, BDO, introduced the report and advised the Committee of the number of planned audits scheduled for the year. He informed the Committee of the completed audit on Planning Services and assured the Committee that the findings were substantial and moderate. One area of concern had been identified; however, this had been scheduled for follow up which would come to this Committee in a future report.

The Committee noted the management response which had agreed to investigate how to provide a publicly accessible summary of contributions received under Section 106 funding, as part of the review of the CIL administrative system taking place later in the year. Gurpreet Dulay confirmed that this was actioned for follow up in their future report to be brought to the Committee in February 2024. The Committee requested that the Planning Team provide a report to the Committee in general, on how Section 106 monies are allocated and dispersed. **(ACTION)**. It was also requested that David Butler, Head of Planning Services, be invited to the next Committee meeting to speak to the findings of the audit and the follow up actions. **(ACTION)**

Following questions from the Committee regarding the government's intention to repeal the 'duty to cooperate' with neighbouring authorities and taking into account the collapse of the Oxfordshire Plan 2050 agreements, Gurpreet Dulay agreed that further clarification on this finding would be sought and provided to the Committee in the next report. **(ACTION)**

The Committee were **resolved** to note the report.

## **20. Internal Audit Follow Up Report - September 2023**

Gurpreet Dulay, Internal Auditor, BDO presented the report which informed the Committee on the implementation of the recommendations from their previous internal audit reviews. He highlighted that of the outstanding recommendations, three medium recommendations remain incomplete as only verbal evidence had been received, and

further evidence had been requested and would be reported to the next Committee meeting.

In response to these outstanding actions affecting two service areas, the Head of Financial Services, in support of the comments provided by the Internal Auditor, advised that all outstanding recommendations would remain as 'in progress' until the Internal Auditors were satisfied that appropriate evidence had been received in the requested format.

The Committee were **resolved** to note the report.

## **21. ODS Annual Opinion for 2022-23**

Simon Howick, Managing Director, Oxford Direct Services Limited, and Catherine Pridham, Non-Executive Director for Oxford Direct Services Limited attended the meeting to present the report which provided the Committee of the annual audit opinion of Oxford Direct Services Limited and Oxford Direct Services Trading Limited for 2022/23.

Catherine Pridham advised the Committee that due to the small size of the internal audit engagement, BDO were not able to provide an audit opinion for the companies, however the statement provided presented the status of audits completed and outstanding for the companies for the year 2022/23.

She drew the Committee's attention to the Risk Maturity advisory review, carried out by BDO during the year, which highlighted the changes made to risk management and culture over the last 18 months and the positive impact this had on employees' understanding of its importance to the organisation.

In response to questions from the Committee, Catherine Pridham advised that further updates to the QL Housing Management system had been implemented well without further disruption to service, and the benefits of the new system had been noted. She further advised that the streamlining of processes was part of the efficiency programme currently underway, and £1.1 million of savings had been identified and implemented.

Simon Howick advised that recruitment challenges were apparent for the business, as for the Council, but were not business critical. The Committee noted these concerns and advised that recruitment and retention had been identified as an area for focus for the Committee in Q3.

The Committee noted the report.

*Simon Howick and Catherine Pridham left the meeting and did not return.*

## **22. Annual Governance Statement**

Tom Woodhams, Team Leader Lawyer, introduced the report which provided the Committee with the Annual Governance Statement for 2022/23 for review prior to its approval and to consider whether it properly reflected the risk environment and supported assurances. He further advised the Committee that there were no significant issues raised in the report, and that the Council's auditors were able to provide Moderate Assurance that there was a sound system of internal control. The Committee noted that the action plan referenced in paragraph 1.7 to the Statement should be deleted as no action plan was required for the year.

In response to a query raised by the Committee, Nigel Kennedy, Head of Financial Services advised that whilst there was not a specific report that would identify any positive social value impacts as a result of capital and revenue spend on specific projects in different areas of the city such that they supported improvements to living standards as part of the Council's priority on Thriving Communities, the Corporate Plan would report against all of its priorities, however not to the depth requested by the Committee.

Nigel Kennedy, Head of Financial Services advised the Committee to review the information produced by the Development Board, which monitored capital spend on projects, on key areas identified through the Council's priorities. Whilst these were discussed at officer level, this information could be provided to the Committee if requested.

Following discussion, the Committee agreed to consider which projects that had received significant capital investment it might request further information on as case studies so that there could be a review of any positive social value impact versus capital investment against the Council's priority of Thriving Communities.

The Committee **resolved** to approve the Annual Governance Statement for the 2022/23 financial year.

### **23. Regulation of Investigatory Powers Act 2000 - Surveillance Policy and Procedure Flowcharts**

The Head of Law and Governance had submitted a report that presented two flowcharts for inclusion in the Regulatory and Investigatory Powers Surveillance Policy and Procedure, for approval and adoption. Tom Woodhams, Team Leader Lawyer, advised that the Committee had approved this policy and procedure at its meeting on 26 July 2023, and that these documents provided the additional information requested by the Committee. The Committee thanked officers for these documents which would be useful information for anybody working in this area.

The Committee were **resolved** to approve the two flowcharts, at Appendix 1 to the report, for inclusion in the Surveillance Policy and Procedure.

### **24. ICT Work Programme**

The Head of Business Improvement had submitted a report which updated the Committee on the prioritisation of projects with ICT involvement and the Committee was asked to note the report and confirm it was satisfied with the approach taken. Rocco Labellarte, Chief Technology and Information Officer presented the report which provided further information on the 120+ projects involving ICT across the Council and its companies and detailed the prioritisation of those projects.

He advised on the process carried out to enable prioritisation of all projects across the Council, and the challenges expected with ensuring that new projects were included within this plan. Five recommendations were presented to the Organisational Change Board and the Committee was invited to comment on those. It was noted that any future projects would have to be agreed by the Organisational Change Board through the Front Door of Change process.

In response to a query from the Committee, it was noted that the report was a work in progress document and would be updated when new data was received. It was also noted that a separate column that provided information on the size of investment for

each project would be useful, and Rocco Labellarte advised that this could be included where possible, aligned to the constitutional financial rules of project approval.

Following a question from the Committee, Rocco Labellarte confirmed that the Chair of the Organisational Change Board did not have delegated authority from CMT on the 120+ agreed projects, as these had already been approved through the process outlined in the report. Member oversight was provided by the Front Door of Change, and where it was considered that Members should be notified, these were identified through this process. It was also noted that the Board did not have absolute authority to stop a project but could send it back for further detail if required.

The Committee thanked the Chief Technology and Information Officer for the report which provided useful information on the current projects being undertaken by ICT.

The Committee were **resolved** to:

1. To **note** the report.
2. To **confirm** the Committee is satisfied with the approach.

## **25. A&G Work Programme 2023-24**

The Committee noted the work programme for 2023/24 and amended the following:

~~31 October 2023~~ 08 November 2023

1. ~~External Auditors: Statement of Accounts for the year ending 31 March 2022~~  
External Auditors: Audit Results Report 2021/22

## **26. Dates and times of meetings**

The Committee noted the dates and times of future meetings.

*The Committee agreed to move agenda item 14 to the next item on the agenda.*

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

The Committee agreed to approve the minutes of the meeting held on 26 July 2023 as a true and accurate record, subject to the inclusion of Scott Warner, Counter Fraud Manager, to the attendance list.

The Committee agreed to approve the minutes of the Confidential meeting held on 26 July 2023 as a true and accurate record.

## **28. Matters exempt and part exempt from publication**

The Audit and Governance Committee passed a resolution in accordance with the provisions of Paragraph 4(2)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012, to exclude the press and members of the public for the following agenda items on the grounds that Oxford City Council, Town Hall, St Aldates', Oxford OX1 1BX, their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

## **29. Cyber Security Risks Update Report**

The Head of Business Improvement had submitted a report which updated the Committee on the prioritisation of projects with ICT involvement.

The Audit and Governance Committee discussed the report in private session.

The Committee **resolved** to:

- 1. To **note** the report
- 2. To **confirm** the Committee is satisfied with the approach.

**The meeting started at 6.00 pm and ended at 7.30 pm**

**Chair .....**

**Date: 8 November 2023**

*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.*