

# Minutes of a meeting of the Audit and Governance Committee on Monday 8 April 2024

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## Committee members present:

Councillor Fry (Chair)

Councillor Jarvis (Vice-Chair)

Councillor Corais

Councillor Railton

Councillor Roz Smith

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

Nigel Kennedy, Head of Financial Services

Bill Lewis, Finance Accounting Manager

Emma Griffiths, Legal Services Manager

Lucy Brown, Committee and Member Services Officer

## Also present:

Gurpreet Dulay, Internal Auditor, BDO

Yasmin Ahmed, Internal Auditor, BDO

Maria Grindley, External Auditor, Ernst & Young

Adrian Balmer, External Auditor, Ernst & Young

Helen Bishop, Head of Business Improvement

Gail Malkin, Head of People

David Butler, Head of Planning and Regulatory Services

Mish Tullar, Head of Corporate Strategy

Rocco Labellarte, Chief Technology Officer

## Apologies:

No apologies were received

## 41. Declarations of Interest

None received.

## 42. Risk Management Report as at 29 February 2024

Bill Lewis, Financial Accounting Manager, introduced the report which updated the Committee on both the corporate and service risks as at 29 February 2024 and highlighted that the service risk register provided greater detail as requested by the Committee at the previous meeting. He drew the Committee's attention to the red risks on the service risk register, of which the detail was included in the attached appendices.

In response to a question regarding the Hinksey Heated Outdoor Pool cover risk outlined in the service risk register that had been downgraded from a red risk to amber, Nigel Kennedy, Head of Financial Services advised that this was due to the new leisure service provider, Servico, erecting a fence around the pool to mitigate against damage.

Councillors noted that they wished to be provided with the level of detail provided for future reports.

**The Audit and Governance Committee noted the report.**

### **43. External Auditors**

Adrian Balmer, External Auditor, Ernst & Young, provided a verbal report to update the Committee on the 2022/23 accounts. He informed the Committee of the national picture that the backlog of the publication of audited accounts had grown to an unacceptable level. He advised the Committee of the three phases that had been developed to deal with the backlog agreed by the Department of Levelling Up and Communities and the Financial Reporting Council as follows:

- Clearing the backlog and historic audit opinions up to and including the financial year 2022/23 by 30 September 2024.
- Create backstop dates to mitigate against future backlogs of audits in future years.
- Addressing system challenges in the local audit system and embedding timely financial reporting and audit reporting deadlines.

Three consultations had taken place and have informed the above decisions, and these were 'Addressing the local audit backlog in England: Consultation', 'Local audit in England Code of Audit Practice', and the CIPFA 'Code of Practice on Local Authority Accounting in the United Kingdom 2022/23'.

Bill Lewis, Financial Accounting Manager, advised the Committee that the Council had responded to the CIPFA consultation, and highlighted that simplification of local authority accounts would be welcomed to ensure that they were presented in layman's terms, and therefore more accessible to more people. In response to concerns raised regarding the reset dates, Maria Grindley, External Auditor, Ernst & Young, advised that they had responded to the consultation to note that it would not be helpful for the backstop dates to coincide with other peak deadlines.

In response to questions raised by the Committee, Maria Grindley advised that if the legislation was clear and that deadlines set in the first phase were agreed, then as E&Y were already working to meet those deadlines, it was hoped they would be completed by at least October 2024. However, it was emphasised that this would be dependent on guidance being made available to external auditors in good time to complete these works.

Bill Lewis provided an update on the progress of the 2021/22, 2022/23 and 2023/24 accounts to the Committee. He advised that the 2021/22 were currently being reaudited following the changes to transactions from the QL system and were now finalised and were subject to approval. The 2022/23 accounts had been put on hold until the final opening balance from the previous year's accounts were available. A final set of accounts were currently being prepared for public consultation, prior to being submitted for audit disclaimer and completion of the value for money work required by the external auditors. Following completion of the 2022/23 accounts, the work would commence for the 2023/24 accounts, and ambitious deadlines had been set to get back on track.

Maria Grindley advised that from the external auditor's perspective on the two years for 2021/22 and 2022/23, some work would be required to produce an audit disclaimer, and they were currently working through this. In anticipation of the legislation, clarity from the regulators on what work was required to get to a disclaimer opinion in order to close those accounts was being sought. However, it should be noted that the value for money opinion was required, and they were pushing ahead with this. A draft value for money would be produced for the Committee, and a disclaimer report would cover both of those years. It was expected that the accounts for the year ended 2023/24 would run as a normal audit year.

In response to a query from the Committee on the level of assurance provided by only having an audit disclaimer, Nigel Kennedy advised that whilst there were concerns, it was understandable following the consultations that had been run by the government. In terms of the Council's companies, there may be concerns raised that sets of accounts were not available for those years as only audit disclaimers would be available, especially during the tendering process for new works. It was also noted that it would take approximately three years for those disclaimers to work through the system.

He also highlighted that there would also have to be conversations with the external auditors for allocation of fees payable as full sets of audits would not be provided, however these would be discussions for the PSAA, as they had negotiated the contracts with external auditors of behalf of local authorities.

Maria Grindley responded that whilst there were agreed drafts for the audit disclaimers, these would need to be agreed across the system to ensure that they were upheld by their regulators.

The Committee **noted** their concerns with the above and looked forward to receiving updates at the next meeting.

## **44. Reports requested by the Committee**

### **a) Workforce Sustainability Report**

Helen Bishop, Head of Business Improvement introduced the report which provided the Committee with a comprehensive update on the actions in place to improve the sustainability of the workforce. She highlighted that the report highlighted a number of indicators that were prevalent in the organisation and nationally that had raised this as a corporate risk and was therefore included on the register. The report also set out a range of actions to mitigate at a number of levels, including the two-year pay deal and a strategic piece of work on pay and grading.

In response to questions raised by the Committee, Helen Bishop and Gail Malkin, Head of People, advised the following:

- Around 80% of apprentices were retained by the Council.
- A 'smaller, better paid workforce' came about from aspirations to be more efficient and had been reviewed during any departmental restructure to ensure the Council was running efficiently.
- The Council continued to keep a 'watching brief' on the 4-day working week undertaken by South Cambridgeshire Council, following the motion passed at Council. At this stage, there were no plans to take this further.
- Data gathered from the Four-Day Working Week Foundation had provided very positive evidence on workforce output performance and happiness levels.

- As part of the piece of work on pay grading, comparison against other authorities had presented a mixed picture.
- Staff turnover had increased to 15% from around 10%, however some other local authorities had staff turnover of over 20%
- Regular monitoring reports were produced by departmental area, and a cohort of managers work together to ensure good practice and procedures were shared to deal with high levels of sickness on a case-by-case basis, which had proved successful. This was then reported to the Corporate Management Team.
- Occupational health and reasonable adjustment to working conditions would be offered to any member of staff on long term sickness.

*Cllr Corais arrived at the meeting.*

The Audit and Committee noted that whilst the report demonstrated some positive progress made, there were still concerns surrounding retention of the existing workforce and recruitment to some service areas, and were therefore resolved to:

1. Note the ~~positive~~ progress being made to improve the workforce sustainability of the Council as set out in the report.

## **b) Section 106 Report**

David Butler, Head of Planning and Regulatory Service, introduced the report which explained the Community Infrastructure Levy (CIL) and Section 106 agreement process for the Committee. He highlighted that CIL was a planning charge applied on new developments to aid funding of infrastructure across the city and provided examples of these. In contrast, he outlined that Section 106 legal agreements were planning obligations entered into prior to planning permission was granted, and were specific to that planning application, and could not accumulated for spending elsewhere in the city. He drew the Committee's attention to the Infrastructure Funding Statement, attached to the report, which was a statutory report produced by the Council to outline the spending undertaken in the previous year, and the proposed spending for the current year, however advised that this could be subject to change.

Following questions from the Committee, David Butler advised the following:

- Following approval of the planning application, and a demand notice issued at commencement of the works, there would be a discrepancy between award of the levy and collection of funds, as shown in the figures presented in the appendix.
- Further information could be provided to the Committee on the City Centre Works detailed in the report. **(ACTION)**
- Funds awarded through Section 106 for affordable housing would be for the provision of additional affordable housing for the city. It would be an expensive method to deal with the number of empty properties across the city with the use of Compulsory Purchase Orders.
- Section 106 funding has a time limit attached, and if not spent would be returned, whereas CIL funding was held by the Council with no time limits attached. Parish Councils have a shorter timeline on spend, and to ensure spending takes place, collaborative work takes place with the Council to ensure funds were spent.

The Audit and Governance Committee **resolved** to:

1. Acknowledge and note the CIL and S106 process.

## **45. Internal Audit: Audit Plan 2024/25 and Strategic Plan 2024-27**

Gurpreet Dulay, Internal Auditor, BDO presented the report which set out the proposed Internal Plan for 2024/25 and the Strategic Plan for 2024-27 detailing the programme of work for the next years and future audit years. He highlighted that the document was reviewed each year, following discussions with Heads of Service and the Operational Delivery Group prior to agreement by the Committee. He drew the Committee's attention to their Charter detailed in the pack and asked that the Committee agree both the Internal Audit Plan for 2024/25 and the Strategic Plan for 2024-27, including the Charter, attached within the report.

During discussions of the Strategic Plan, it was noted that all audits that were planned for future years could be brought forward if the Committee felt it necessary. Also, the Committee could request management to re-report to them if concerns were raised in particular service areas.

The Audit and Governance Committee resolved to **agree** the Internal Audit Plan for 2024/25 and the Strategic Plan for 2024-27, and noted the Charter attached within the report.

## **46. Internal Audit Progress Report - March 2024**

Yasmin Ahmed, Internal Auditor (BDO) presented the internal audit progress report for March 2024, which informed the Committee on progress made against the internal audit plan for 2023/24. It was noted that good progress had been made in the delivery of the internal audit plan and advised that fieldwork was underway for three reviews which would complete the 2023/24 audit plan for Selective Licensing, Data Analytics and the QL Review which would be presented to the July Committee meeting.

She drew the Committee's attention to the audit plan, of which the Health and Safety and Fire Safety Review were moved to the 2025 audit year following the completion of an independent regulatory review which had caused capacity issues for completion of this audit. The Town Hall and Community Centre Lettings audit has been removed from the audit plan as the Council would be procuring a new system to manage these lettings and the audit would take place when this had been embedded.

During discussion of the Building Service audit report, the Committee noted that there continued to be a wider issue regarding recruitment and retention affecting the building control service, which resulted in a longer time taken to validate applications. David Buter, Head of Planning and Regulatory Services advised that the government had introduced a new registration scheme for all new building surveyors, which had resulted in all building surveyors having to complete a series of written and verbal tests. It was suspected that this would lead to a dropout of surveyors of approximately 25%. Whilst Council staff had completed these tests, it was likely that this would impact on future recruitment. Following a question regarding recruitment and retention of staff in this area, David Butler advised that it was very difficult to recruit in this area, and that the Council would seek to 'grow their own' through the apprenticeship scheme. However, the would be dependent on the amount of time that could be allocated to ensuring appropriate training could be provided. There was currently one apprentice in the team.

Yasmin Ahmed introduced the audit report on Recruitment and Retention and advised that the plan was made up of six objectives, and actions were in place and being monitored to meet those objectives. The key findings were noted, and Gail Malkin responded to a question regarding data not being held on vacant positions, advising

that 'a time to recruit' measure was being explored. She explained that whilst there might be a vacant role, there was not always a plan to recruit to that role. A recruitment consultant was currently working with managers to determine the level of current vacancies within the Council.

The Audit and Governance Committee **noted** the contents of the report.

#### **47. Internal Audit Follow Up Report - March 2024**

Yasmin Ahmed, Internal Auditor, BDO presented the report which informed the Committee on the implementation of the recommendations from their previous internal audit reviews. She requested that auditees send in survey responses to guide any improvements required and highlighted the Sector Update included within the report.

Yasmin Ahmed highlighted that there were 24 recommendations to follow up on, and that that were incomplete recommendations were discussed by the Committee.

In response to questions regarding the Environment audits, Mish Tullar, Head of Corporate Services advised that many of the outstanding audits had now been completed, and work was underway to complete those where due dates had been revised. Nigel Kennedy, Head of Financial Services, clarified the comments regarding the recommendation to update the prioritisation matrix for capital projects to include positive weightings for net zero carbon outcomes, which had been implemented as part of the capital strategy, and that whilst these had been used previously, he would check the current position.

Following comments regarding the issues experienced with the QL system, Nigel Kennedy advised that an update report could come to a future Committee meeting.

The Audit and Governance Committee **noted** the contents of the report.

#### **48. 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.

#### **49. Internal Audit Follow Up Report - Cyber Security [Private]**

Yasmin Ahmed, Internal Auditor, BDO presented the report which updated the Committee on the status of implementation of recommendations arising from the Cyber Security report issued in 2022/23. Rocco Labellerte, Chief Technology Officer responded to queries raised by the Committee in private session.

The Committee **noted** the contents of the report.

#### **50. Minutes of the previous meeting [part private]**

The Committee agreed to **approve** the ordinary and confidential minutes of the meeting held on 17 January 2024 as a true and accurate record.



**51. Dates and times of meetings**

The Committee noted the dates and times of future meetings.

**The meeting started at 6.05 pm and ended at 8.05 pm**

**Chair .....**

**Date: Wednesday 24 July 2024**

*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.  
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