Minutes of a meeting of the Audit and Governance Committee on Tuesday 7 July 2026

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OXFORD CITY COUNCIL

Committee members present:

Councillor Fry

Councillor Regisford

Councillor Thorniley

Councillor Harley

Councillor Fouweather

Officers present for all or part of the meeting:

Alistair Rush, Interim Group Finance Director

Hannah Carmody-Brown, Committee and Member Services Officer

Jonathan Malton, Committee and Member Services Manager

Scott Warner, Counter Fraud Manager

Emma Jackman, Director of Law, Governance and Strategy

Roger Martin, Insurance, Risk Management and Business Continuity Officer

Robert Dude, Senior Financial Accountant

Tom Hook, Deputy Chief Executive - Citizen and City Services

Rocco Labellarte, Chief Technology and Information Officer

Preeti Malik, External Auditor (EY)

Andrew Brittain, External Auditor (EY)

Aaron Winter, Internal Auditor (BDO)

Apologies:

Councillor Chapman sent apologies.

It was noted that Councillor Harley may arrive late.

95. Election of Chair for Council Year 2026-2027

Councillor Thorniley proposed, and Councillor Regisford seconded, the nomination of Councillor Fouweather as Chair.

There were no further nominations.

Councillor Fouweather was elected as Chair.

96. Election of Vice-Chair for Council Year 2026-2027

Councillor Regisford proposed, and Councillor Thornley seconded, the nomination of Councillor Fry as Vice-Chair.

There were no further nominations.

Councillor Fry was elected as Vice-Chair.

97. Declarations of Interest

None.

98. Minutes of the previous meeting

The Chair queried the progress of the action plan being delivered to the Committee, as mentioned in item 87 of the minutes. The Group Finance Director explained that since taking up his new position, time has been taken to review and organise the plan ahead of presenting it to the Committee. It was confirmed that this would be done shortly.

In reference to item 90 of the minutes, the Chair queried the status of recommendations relating to procurement and the new income generation system. The Director of Law, Governance, and Strategy explained that the Council is currently considering whether to proceed with the project given the numerous uncertainties relating to Local Government Reorganisation (LGR); this will be considered internally over the next 24 months once an outcome on LGR is announced by Government.

The Committee **approved** the minutes of the meeting held on 9 April 2026 as a true and accurate record.

99. Addresses by members of the public

There were no addresses.

100. Councillor addresses on any item for discussion

There were no addresses.

101. Risk Management Update

The Group Finance Director had submitted a report to update the Audit and Governance Committee on corporate and service risks as of 31 May 2026.

Roger Martin, the Risk Management and Business Continuity Manager, was present to respond to questions.

The Risk Management and Business Continuity Manager summarised that the report updates the committee on the Council's corporate and service risks as of 31 May. The Committee was informed of the process used to construct the registers, and how the responsibility for risks is structured. Members understood that the risk registers were approved by the corporate leadership team on 4 June.

In relation to the corporate risk register, the Risk Management and Business Continuity Manager explained that the Council currently has five red risks and ten amber risks; an increase of one since the previous report. The Committee heard that the new risk related to increased staff involvement in LGR workstreams which could possibly impact the Council's ability to deliver on its existing priorities. A summary of other changes within the register was also delivered.

In relation to the service risk register, the Risk Management and Business Continuity Manager explained that two new red risks had been added in relation to broader than required access permissions within the Council's document management systems, and lawful and consistent implementation of the emerging statutory guidance around transgender inclusion and single sex spaces.

The Risk Management and Business Continuity Manager concluded by reminding the Committee that previous feedback from Councillor Fry had been considered, as detailed in appendix 5.

The Chair invited questions from the Committee.

Councillor Fry thanked the Risk Management and Business Continuity Manager and queried whether a reference within the report to 'failure to comply with governance requirements' related to failures to comply with the constitution. Councillor Fry also asked whether some of the service risks were generic and related to more than one service area.

In response to the second question, the Risk Management and Business Continuity Manager recognised the presence of some specific service-wide pressures related to staffing and finance, however commented that these were also considered within the corporate risk register and the finance risk register.

In response to Councillor Fry's first question, the Director of Law, Governance, and Strategy explained that the risk in question related to failures to follow process, such as within the urgent key decisions process. The Committee also heard of a number of judicial reviews in connection with governance and decision taking difficulties. The Director of Law, Governance, and Strategy emphasised the importance of monitoring to ensure that risks of legal challenges against the Council are reduced. It was also noted that judicial reviews have taken place in relation to planning as well as homelessness, for example.

The Risk Management and Business Continuity Manager reminded Councillor Fry that risk number 168 specifically focuses on the increase in the number of judicial reviews relating to planning and regulatory decisions.

In response to Councillor Fry's queries, the Director of Law, Governance, and Strategy also explained that service risks for law and governance are outlined in the register due to the costs incurred during the provision of legal services when there is an inability to recruit and retain permanent staff. The Committee heard that locum rates for local government lawyers are exceptionally high, which generates a significant risk in being able to secure resource within budget. The Committee were reminded that the legal service underpins many of the Council departments, including housing, thus making it a more significant risk.

Councillor Thorniley queried whether the various risks of Local Government Reorganisation between different services are individually evaluated, and if so, how.

The Risk Management and Business Continuity Manager confirmed that this is assessed and committed to providing additional information and examples in writing.

The Group Finance Director also explained that once a decision is received from the Government, reflections on the risks will become more apparent.

The Chair thanked the Risk Management and Business Continuity Manager.

The Committee reviewed and **noted** the report.

The Risk Management and Business Continuity Manager left the meeting and did not return.

102. Review of Anti-Bribery, Fraud and Corruption Policy

The Group Finance Director had submitted a report to seek approval of the updated Anti-Bribery, Fraud, and Corruption Policy.

Scott Warner, the Counter Fraud Manager, was present to respond to questions.

The Counter Fraud Manager provided a summary of the report, noting that it seeks approval of the Anti-bribery, Fraud, and Corruption Policy review. The Committee heard that the policy was last reviewed in June 2023 and sets out the Council's zero-tolerance approach to bribery, fraud, and corruption, as well as providing a clear framework for preventing, identifying, reporting and responding to concerns. The Counter Fraud Manager summarised that the policy explains the standards expected of members, employees, contractors, partners, and anyone working on behalf of the Council, as well as setting out the responsibilities for protecting public funds, safeguarding services, and maintaining public confidence in how the Council conducts business. It was noted that the review produced several minor changes, including those relevant to newer legislation, organisational failure to prevent fraud, and language updates to improve clarity.

The Chair invited questions from the Committee.

The Chair queried how often the police have become involved in fraud or bribery and corruption cases with this Council, to which the Counter Fraud Manager noted that it is extremely rare. The Committee heard that each case is assessed on its own merits alongside its potential effect on Council services. The Counter Fraud Manager noted police involvement only twice in the last twelve years.

Councillor Fry proposed, and Councillor Regisford seconded, the recommendation.

The Audit and Governance Committee resolved to:

1. **Approve** the updated Anti-Bribery, Fraud, and Corruption Policy, as attached at Appendix 1.

103. Counter Fraud Team Annual Report

The Group Finance Director had submitted a report to update the Audit and Governance Committee on the activity and performance of the Counter Fraud Team for the fiscal year 1 April 2025 to 31 March 2026.

Scott Warner, the Counter Fraud Manager was present to respond to questions.

The Chair reminded the Committee that the appendix to this report was confidential; should Members wish to discuss its content, they would be required to enter confidential session.

Councillor Harley joined the meeting.

The Counter Fraud Manager provided a summary of the report, noting that it outlines the performance of the Counter Fraud team for the 2025-2026 financial year. The Committee was reminded that four of the five key performance targets set out in table 1 had been achieved or exceeded. In reference to the target for the number of housing applications, the Counter Fraud Manager explained that this was not achieved as outcomes from a data matching exercise were not applied to the system in time for the individual statistics. Further detail was provided on each target within table 2. The Counter Fraud Manager positively emphasised the success of the 10th annual fraud conference in November 2025 and highlighted that the team had been highly commended via an award for excellence in protecting the public purse. The Committee heard that a combined financial value of nearly £2.9 million had been delivered in the last year, amounting to a gross return on investment of more than 400% based on the cost of running the counter fraud team.

The Chair invited questions from the Committee.

Councillor Fry praised the work of the Counter Fraud team and asked whether consistent achievement of targets could suggest that future aims should be more ambitious; a summary of targets and performance over recent years was requested. Additionally, Councillor Fry requested an indication of the trading income from commercial activity, such as the annual conference, and queried why it would not be going ahead this year.

The Counter Fraud Manager explained that targets are set to extend the delivery of the team, and these are evaluated annually to embrace new methods. In relation to trading income, the Committee heard that the team does provide external services on a commercial basis to around 35 organisations, mainly other local authorities and social housing providers, and this generates the team's main income. Finally, in relation to the annual conference, the Counter Fraud Manager explained that a break would be taken this year to ensure that usual services are maintained and to refresh the conference offering for 2027.

The Chair, in reference to table 2 of the report, queried who is now responsible for investigating housing benefit fraud, to which the Counter Fraud Manager explained that the responsibility passed over to the Department for Work and Pensions in around 2015.

The Chair thanked the Counter Fraud Manager.

The Committee reviewed and **noted** the report.

The Counter Fraud Manager left the meeting and did not return.

The Chair reordered the agenda: item 14 moved up to item 11.

104. Approval of the Provisional External Audit Planning Report

The Group Finance Director had submitted a report to seek approval for the provisional External Audit Planning report for 2025-2026.

Andrew Brittain, External Auditor (EY), Preeti Malik, External Auditor (EY), Alistair Rush, Group Finance Director, and Jonathan Malton, Committee and Member Services Manager, were present to respond to questions.

The External Auditor (AB) summarised that the report has been brought to the Committee ahead of the commencement of the year-end audit. The Committee heard that the report outlined the risks that will be addressed during the audit, of which the results will be presented in early 2027. The External Auditor (AB) provided some context for the benefit of new committee members, including an update relating to the start of phase two implementation of new government measures to address the backlog facing local government audit, and context relating to previous disclaimed audit opinions of this Council. The Committee also heard of ongoing work to build back on assurances and to conduct risk assessments; the Committee would have a view of these in the future. The External Auditor (AB) assured the Committee that updates would be provided on the audit progress and that regular meetings would be held with the Group Finance Director.

Councillor Fry, in relation to previously noted issues, asked whether the External Auditor felt that the Council could now satisfactorily act on the External Auditor's recommendations and make the required changes.

The External Auditor (AB) explained that meetings had been ongoing with relevant officers in relation to the valuation approach, and improvements have been considered and factored into the next audit.

The Group Finance Director agreed and informed the Committee that the Council intends to complete a full asset valuation by this time next year.

The External Auditor (PM) provided a comprehensive summary of the risks noted in the report. In relation to materiality, the Committee were informed of the threshold used when planning and performing the audit to determine the level at which an error or omission in the financial statements could reasonably influence the decision of a user of the accounts. The External Auditor (PM) noted that this has been set at £5.68 million, representing 2% of the Council's gross expenditure on the provision of services of 284 million. The Committee was reminded that this figure may be reassessed beyond the planning stage of the audit. Performance materiality was also summarised and noted as being set at 50% of the planning materiality due to the audit history, including areas where assurance could not be fully obtained in prior years. The External Auditor (PM) summarised this approach as more cautious.

The External Auditor (AB) provided a summary of work on the value for money conclusions within the report. The Committee was reminded that this is an opinion based on whether there are arrangements in place to deliver value for money in terms of the economy, efficiency, and effectiveness across the governance and financial stability arrangements. The External Auditor (AB) concluded that no specific or significant weaknesses were identified in terms of financial sustainability, however previous risks in relation to governance have been repeated in the current audit and will kept under review.

The Chair invited questions from the Committee.

Councillor Fry, in relation to page 238, requested clarity on whether matters relating to valuation of property would be resolved in the coming year. Councillor Fry also queried the pension liability valuation, specifically whether the Council employs its own actuary.

In response to Councillor Fry's first question, the External Auditor (AB) confirmed that a full valuation would take place in the 2026-27 year, and further valuations will occur on a rolling basis thereafter. A comprehensive summary of this was delivered.

The External Auditor (PM) further explained that the asset ceiling was adjusted by the actuary to the Council.

Councillor Fry proposed, and Councillor Thorniley seconded, the recommendation.

The Audit and Governance Committee resolved to:

1. **Approve** it's understanding of, and agreement to, the materiality and reporting levels of the provisional external Audit Planning report for 2025-2026.

The Chair thanked the External Auditors.

The External Auditor (AB) left the meeting and did not return.

105. Approval of the Internal Audit Plan 2026-2027

The Group Finance Director had submitted a report to seek approval of the Internal Audit Plan 2026-2027.

Aaron Winter, Internal Auditor (BDO), Alistair Rush, Group Finance Director, and Jonathan Malton, Committee and Member Services Manager, were present to respond to questions.

The Group Finance Director reminded the Committee that the plan had been placed before them in April, and no updates or changes had been made since. The Committee was informed that the report seeks formal approval of the plan and delegated authority to be given to the Group Finance Director to make minor changes as required.

The Internal Auditor reiterated that no changes had been made to the plan; however, emphasised that it remains flexible in preparedness for responding to risks.

Councillor Fry proposed, and Councillor Harley seconded, the first recommendation.

Councillor Harley proposed, and Councillor Regisford seconded, the second recommendation.

<u>The Audit and Governance Committee resolved to:</u>

1. **Approve** the Internal Audit Plan for 2026-27;
2. **Delegate authority** to the Interim Group Finance Director (Section 151 Officer), in consultation with the Cabinet Member for Finance and Asset Management and Chair of the Audit and Governance Committee to make minor amendments to the Internal Audit Plan.

106. Approval of the Internal Audit Annual Opinion 2025-2026

The Group Finance Director had submitted a report to seek approval of the Internal Audit Opinion 2025-2026.

Aaron Winter, Internal Auditor (BDO), Alistair Rush, Group Finance Director, and Jonathan Malton, Committee and Member Services Manager, were present to respond to questions.

The Group Finance Director informed the Committee that the Council receives an annual opinion to provide assurance about the issues and themes that may emerge, as well as an overall view of the way in which the Council's internal control and governance framework functions.

The Internal Auditor noted the report as a summary of the outcomes of all the work conducted for the last year. The Committee heard that the opinion had changed in the last year due to the introduction of the global internal audit standards in April 2025 and now includes the group position also, therefore providing a more holistic view of the Council and its subsidiaries. The Internal Auditor emphasised that the opinion for the year had been classed as generally satisfactory with improvements required in some areas, including purchase cards and client and commissioning work. The Committee understood that good governance across internal control and risk management had been identified with some improvements required in isolated areas. The Internal Auditor reminded the Committee that the plan is risk-focused, and some issues would be anticipated to arise, however the Internal Auditor is there to provide the Council support in identifying areas of good practice and improvement, but also to support the creation of effective action plans.

The Chair invited questions from the Committee.

Councillor Fry requested some clarity on the status of audit areas listed in appendix 2 and asked for a view on how this Council compares to other local authorities.

The Internal Auditor clarified that the workstreams in question are complete and that this would be noted in the next iteration of the report. In relation to comparison with other local authorities, the Committee was informed that this Council sits consistently in line with comparable examples in terms of outcomes produced; similar themes such as LGR are also being focused on widely.

The Chair, in relation to page 184, requested additional information on the findings related to purchase card transactions and specifically, what had been done to ensure it is no longer a significant issue.

The Group Finance Director explained that regular reviews are undertaken into the use of purchase cards, and where inappropriate conduct is identified, the cards are suspended. Furthermore, the Committee heard that guidance is being reiterated to officers on how to use the purchase cards, noting they should only be required in exceptional circumstances when there is no appropriate alternative. The Group Finance Director emphasised that this topic features as part of his supervisory discussions with the Head of Operational Finance.

Councillor Harley proposed, and Councillor Thorniley seconded, the recommendation.

<u>The Audit and Governance Committee resolved to:</u>

1. **Approve** the Internal Audit Annual Opinion for 2026-2026.

107. Internal Audit Progress Report

The Internal Auditors (BDO) had submitted a report to update the Committee.

Aaron Winter, Internal Auditor (BDO), and Alistair Rush, Group Finance Director, were present to respond to questions.

The Internal Auditor provided a comprehensive summary of work completed since the last committee meeting, including on leisure services, data analytics, and client and commissioning.

The Chair invited questions from the Committee.

Councillor Thorniley queried, in relation to leisure services, whether staff feedback is considered, and whether any urgent remedy to the matters relating to health and safety had been achieved.

The Internal Auditor noted that the scope of the audit was predominantly looking at customer feedback and complaints management and therefore did not include staff feedback. The Committee was however informed that if a staff member had raised a formal complaint, it would have been captured within the audit scope. In relation to health and safety risks, the Internal Auditor explained that a management response has been set for the end of July as an immediate action and once completed, this will be reported to the Committee. The Committee heard that this required ensuring that risk levels were assigned and progress reported.

Noting that the Council is responsible for five leisure facilities, Councillor Thorniley queried whether these risks are concluded as applying equally across all.

The Internal Auditor confirmed that the audit scope covered all leisure facilities under the management of Serco.

Councillor Fry sought to clarify when the final report would be received, and in relation to client and commissioning, asked whether ODS relationships are being reviewed as part of the audit.

The Internal Auditor clarified that this is the final report, and in relation to Councillor Fry's second question, noted that this review specifically covered links between the Council and ODS, not wider relationships. The Internal Auditor committed to taking this suggestion forward into future discussions with ODS.

The Chair thanked the Internal Auditor.

The Committee reviewed and **noted** the report.

The Internal Auditor left the meeting and did not return.

The Senior Financial Accountant and the External Auditor (PM) left the meeting and did not return.

108. Exempt Matters and Confidential Session

The Committee resolved that under Section 100A (4) of the Local Government Act 1972 the press and public be excluded from the meeting for the remaining items of business on the grounds that their presence would involve the likely disclosure of exempt information as described in Paragraph 3 of Part 1 of Schedule 12A of the Act.

The livestream and recording ended.

109. Cyber Incident Follow-up Report

The Deputy Chief Executive for City and Citizens' Services and the Chief Technology and Information Officer were present to respond to questions.

The Committee reviewed and **noted** the report.

110. Dates of future meetings

The Committee noted the dates of the next meeting.

The meeting started at 6.00 pm and ended at 7.42 pm

Chair ………………………….. Date: Tuesday 27 October 2026

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.