

## MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE

Wednesday 29 June 2016



**COUNCILLORS PRESENT:** Councillors Fry (Chair), Fooks, Coulter, Munkonge (Vice-Chair), Paule, Tidball and Thomas.

**OFFICERS PRESENT:** Jackie Yates (Executive Director Organisational Development and Corporate Services), Jeremy Thomas (Head of Law and Governance), Nigel Kennedy (Head of Financial Services), Anna Winship (Management Accountancy Manager), Gurpreet Dulay (Manager, BDO Internal audit), Greg Rubins (Partner, BDO internal audit), David Guest (Ernst & Young external auditor), Catherine Phythian (Committee Services Officer), Patsy Dell (Head of Planning & Regulatory Services), Helen Bishop (Head of Business Improvement), Paul Fleming (Chief Technology & Information Manager), Bruce Thompson (Building Operations Manager) and Scott Warner (Investigation Manager)

### 1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

### 2. ELECTION OF THE CHAIR FOR THE 2016/17 MUNICIPAL YEAR

The Committee resolved to elect Cllr James Fry as Chair for the 2016/17 municipal year.

Cllr Thomas arrived at the end of this item.

### 3. ELECTION OF THE VICE-CHAIR FOR THE 2016/17 MUNICIPAL YEAR

The Committee resolved to elect Cllr Chewe Munkonge as Vice-Chair for the 2016/17 municipal year.

### 4. DECLARATIONS OF INTEREST

There were no declarations of interest.

## **5. INVESTIGATION TEAM PERFORMANCE FOR FINANCIAL YEAR 2015/16**

The Chair took this item first.

The Committee considered the report of the Head of Financial Services reporting the activity and performance of the Corporate Investigation Team for the financial year 2015/16.

The Investigations Manager introduced the report. He highlighted the achievement of £3.9M income against a £200K target and explained the reasons behind this; he also commented on the successful agreements with the County Council and South Oxfordshire and Vale of White Horse District Councils.

The Committee asked that future reports should present a quarterly analysis of the performance targets in order to see if there were any trends.

The Committee noted the report and the confidential appendix. They thanked the Investigations Manager for the report and congratulated him on the results achieved by his team.

## **6. INTERNAL AUDIT REPORT - BUSINESS IMPROVEMENT AND TECHNOLOGY**

The Chair took this item next (Minute 14 refers).

The Committee considered the report from the Council's internal auditors, BDO, detailing the findings and recommendations of the audit review of Business Improvement and Technology – Systems Interfaces.

Gurpreet Dulay, Internal Auditor BDO, presented the report.

The Head of Business Improvement, tabled a briefing paper (attached to this minute) detailing the background to the ICT service migration; the scale and range of the issues that arose from 1 April 2016; the current situation; and proposals for the future. She assured the Committee that the ICT service was now moving beyond the problems of the implementation phase; that call levels had returned to normal levels; and that the team was focused on embedding new processes and improvements in the service. The Chief Technology and Information Manager, assured the Committee that all 57 business systems used

by the Council had performed satisfactorily during the migration and that the problems had been with the associated file locations and permissions.

The Executive Director, Organisational Development and Corporate Services informed the Committee that no further major changes were planned; that the new contract arrangements offered the Council greater resilience; and that a councillor working group was being established to monitor on-going developments for members' ICT needs.

The Committee asked that an officer report be presented to the September meeting detailing the lessons learnt from the ICT transition and indicating how the problems experienced this time would be avoided in the future. They requested that the report address the following points:

- procedural arrangements
- realistic deadlines and timescales
- the impact on reputational risk from the loss of public facing services
- details of the monetary / non-monetary costs of the transition of the ICT services against the anticipated savings from the new contract
- how the relationship with the County Council and new service provider worked in practice
- consequences of service failure impacting on councillors performance

The Committee noted the report.

## **7. RISK MANAGEMENT REPORT: QUARTER 4 2015/16**

The Committee considered the report of the Head of Financial Services, setting out corporate and service risks as at the end of Quarter 4, 31 March 2016.

The Head of Planning and Regulatory Services explained the reasons for the reduction from red to amber of four planning related risks. She explained that some of the factors driving the risks were entirely outside the Council's control but that wherever possible the planning service was taking a more proactive approach in trying to influence the situation and this had delivered some results. She assured the Committee that these risks would continue to be closely monitored.

The Head of Financial Services spoke to a briefing note (attached to these minutes) detailing the action taken to address the Housing and Property red risk relating to the increased costs of homelessness arising from less effective homelessness prevention work and higher homelessness acceptances.

The Committee noted the report and noted the new initiatives taken to mitigate the serious risks relating to homelessness.

## **8. STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2016**

The Committee considered the report of the Head of Financial Services setting out the Council's Statement of Accounts for the year ending 31 March 2016.

The Head of Financial Services explained the implications that the Accounts and Audit Regulations 2015 would have on the timetable for the preparation of financial statements for 2017/18 and later years. He highlighted the major changes affecting the Statement of Accounts (as detailed in the report) and commented on the favourable variance on the General Fund and the surplus on the Housing Revenue Account. He thanked the accounts team for their work in preparing the statement of accounts.

The Committee agreed to note the contents of the Statement of Accounts certified by the Head of Financial Services (Section 151 Officer) prior to their submission to the external auditors.

The Committee agreed to consider a report on the audited Council's Statement of Accounts for the year ending 31 March 2016 at the September meeting.

## **9. ANNUAL GOVERNANCE STATEMENT 2015/2016**

The Committee considered the report of the Head of Law and Governance presenting the Annual Governance Statement 2015/16 for approval.

In discussion the Committee made the following observations:

- Council Sports Pavilions: not all of these had been replaced or refurbished
- Member Guarantee: some service areas were not meeting the response deadlines and in other areas the response received tended to be a holding message rather than a substantive reply

The Committee resolved to approve the Annual Governance Statement 2015/16.

## **10. EXTERNAL AUDIT : AUDIT PROGRESS REPORT FOR YEAR ENDING MARCH 2016**

The Committee considered the report of the Council's External Auditors, Ernst and Young, detailing the progress made with the work needed to complete the 2015/16 audit.

David Guest, Ernst and Young, presented the report. In response to comments from the Chair he agreed that there was some degree of uncertainty regarding the new accounting policy on fair value measurement.

The Committee noted the report.

#### **11. EXTERNAL AUDIT: ANNUAL AUDIT AND CERTIFICATION FEES FOR AUDIT OF YEAR ENDING MARCH 2017**

The Committee considered a letter from the External Auditor setting out the audit and certification work and indicative fees for the 2016/17 financial year.

The Committee agreed to note the letter.

#### **12. INTERNAL AUDIT: ANNUAL REPORT 2015-16**

The Committee considered the report of the Council's internal auditors detailing the work undertaken by internal audit for Oxford City Council and commenting on the effectiveness of the controls in place for 2015-16.

Greg Rubins, Ernst and Young, presented the report. He informed the Committee that the report took account of the work of the Council's previous auditors PWC.

The Chair thanked the internal auditors for the report and commented on their energetic and visible approach to their work with the Council.

The Committee noted the report.

#### **13. INTERNAL AUDIT: PROGRESS REPORT TO JUNE 2016**

The Committee noted the report from the Council's internal auditors, BDO, setting out progress against the approved internal audit plan and commenting on two audit reports with moderate opinions:

- Trading Services
- Year End Financial Reporting Timetable

Gurpreet Dulay, BDO, presented the report. He said that BDO had undertaken three reviews in addition to those agreed in the Internal Audit Plan:

- Westhill Farm Business Plan
- Council's Commercial Property Portfolio

- Overtime

In response to questions from the Committee the Executive Director, Organisational Development & Corporate Services explained that additional audit reviews could be requested by the Chief Executive or Executive Directors; would be authorised by herself or the Head of Financial Services; were funded separately and not charged to the internal audit budget.

The Committee noted the report.

#### **14. INTERNAL AUDIT: AUDIT REPORTS TO COMMITTEE JUNE 2016**

The Committee noted that BDO, the internal auditors, had submitted two reports relating to audits identifying medium-level risks.

The first report was considered at Minute 6.

The second was considered at Minute 14 a).

##### **(a) Internal Audit - Empty and Void Property Management Report**

The Committee noted the report from the Council's internal auditors, BDO, detailing the findings and recommendations of the audit review of Empty and Void Property Management.

Gurpreet Dulay, BDO, presented the report. He said that there was good management oversight of the service and recognition of the challenges it faced. He highlighted the weekly Choice Based Letting website as an example of good practice. There were however a number of areas for improvement, particularly around the need for a clear understanding of the individual roles and shared responsibilities of each of the three teams working to deliver the service.

In response to questions from the Committee regarding the observed problems in communication between the different teams the Building Operations Manager said that the review had been conducted during a period a transition and re-organisation for the service teams; that the teams were not co-located; and that although the teams did use a common database there was scope for improvement.

The Committee asked that details of the re-organisation of the service teams should be circulated to Committee members.

The Committee discussed the recommendation that the Council should undertake a cost/benefit analysis of introducing an incentive scheme for tenants

with the aim of improving void turnaround time. The Committee felt that this was something that the Scrutiny Housing Standing Panel might wish to consider and agreed to refer the matter to them.

The Committee noted the report and the recommendations.

#### **15. INTERNAL AUDIT: FOLLOW UP OF RECOMMENDATIONS TO JUNE 2016**

The Committee considered the report of the Council's internal auditors, BDO, setting out progress on implementing the recommendations arising from previous internal audits.

Gurpreet Dulay, BDO, presented the report and highlighted the low level of implementation of the recommendations, some of which had been subject to repeated slippage.

The Committee noted the report and asked that Heads of Service be reminded of the importance of setting realistic timescales for the implementation of internal audit recommendations.

#### **16. OFFICER EXECUTIVE DECISIONS FEBRUARY 2016 TO JUNE 2016**

The Committee considered the report of the Head of Law and Governance setting out the Officer Executive Decisions taken in the period February to June 2016.

The Committee noted the report and decisions taken.

#### **17. MINUTES OF THE PREVIOUS MEETING**

The Committee agreed to approve the minutes of the meeting held on 1 March 2016 as a true and accurate record.

#### **18. 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 8.30 pm**