

## **Minutes of a meeting of the AUDIT AND GOVERNANCE COMMITTEE on Tuesday 26 September 2017**



### **Committee members:**

Councillor Fry (Chair)	Councillor Munkonge (Vice-Chair)
Councillor Brandt (for Councillor Simmons)	Councillor Ladbrooke
Councillor Paule	Councillor Taylor

### **Officers:**

Lindsay Cane, Acting Head of Law and Governance  
Jan Heath, Business Improvement & Performance Manager  
Nigel Kennedy, Head of Financial Services  
Bill Lewis, Financial Accounting Manager  
Jennifer Thompson, Committee and Members Services Officer  
Anna Winship, Management Accountancy Manager  
Jackie Yates, Executive Director Organisational Development and Corporate Services

### **Also present:**

David Guest, Ernst & Young external auditor  
Gurpreet Dulay, Manager, BDO Internal audit  
Yasmin Ahmed, BDO Internal Audit

### **Apologies:**

Councillor Simmons sent apologies.

## **19. Declarations of Interest**

None.

## **20. External audit: Audit results report for the year ending 31 March 2017.**

The Committee considered the report of the external auditor Ernst & Young setting out the outcome of the audit of the accounts.

David Guest, auditor, outlined the findings from the audit. He reported that no material or significant issues had arisen between the publication of the report and the meeting. The threshold for 'material' was based on the gross revenue expenditure.

David Guest thanked the Head of Financial Services and his team for their support and help through the audit process.

The pension deficit and potential implications and risks were noted.

**The Committee agreed to note the comments the report.**

## **21. Statement of Accounts for 2016/17 - post audit**

The Committee considered the report of the Head of Financial Services and the Council's Statement of Accounts and Letter of Representation.

The Committee noted:

- The accounts were again unqualified and with limited comments, reflecting the continuing high standards set by the finance team. There were no uncorrected misstatements and no changes other than those in the report.
- The closure process was becoming smoother, but the companies and LLP joint venture added complexities which needed to be recognised.
- The companies added five sets of separate accounts with end-of-year aligned to 31 March but different reporting deadlines. Tax advice and some services were provided externally but there was a demand on internal staff time. The need for separate external auditors and audits added to the complexity. As the companies became larger, better regulation, quality assurance, and resources would be necessary.
- The 2017/18 accounts would be produced to the earlier deadlines and in a new format as required by changes in regulations.

**The Committee resolved to:**

1. approve the audited 2016/17 Statement of Accounts as certified by the Head of Financial Services and authorise the Chair of the Committee to sign the Accounts; and
2. approve the Letter of Representation to enable the opinion to be issued (paragraph 12).

The Chair signed the accounts and the Letter of Representation.

## **22. Internal Audit progress reports: Quarter 1 2017/18**

The Committee considered the report of the internal auditor BDO setting out progress made against the internal audit plan.

Gurpreet Dulay and Yasmin Ahmed, internal auditors, introduced their reports.

They reported verbally on the outcome of the of the Fusion partnership: the report was completed after the agenda publication and would be included in the papers for the next meeting. Three recommendations were agreed and a moderate opinion issued.

Cash and cheque handling processes had been improved and a procedure put in place for all staff who handles cash or cheques to follow to both log and safely and speedily transfer these to the bank. Staff were to recommend online payments, although some services would still primarily use cash or cheque payments.

The counter-fraud review did not find any issues to report. Right-to-buy requests were all thoroughly investigated before any transaction was allowed to proceed.

The Committee noted that work on the benefits action plan was ongoing and Ernst and Young would report on the audit of the 2016/17 benefits claim in January. It was commented that a review of the diversity of the customer panels may be useful.

**The Committee noted the report.**

### **23. Internal Audit: Follow Up of Recommendations to September 2017**

The Committee considered the report of the internal auditor BDO on progress on those recommendations due for implementation

The Business Improvement & Performance Manager, the Head of Financial Services, and the Acting Head of Law and Governance answered questions about recommendations for their areas.

The Committee noted:

- Although 3 major recommendations for ICT had slipped 4 times these were in progress and were nearing completion. Contracted staff were completing tasks in the transformation plan and a permanent staffing structure was nearing completion and it was anticipated, although not without risk, that suitable permanent staff could be recruited on standard pay grades.
- To build resilience, legal support staff would be trained in Freedom of Information procedures and be able to assist if necessary. FoI training for service champions would be starting in November.
- The recommendation on the capital gateway had been removed as no longer necessary.
- Work on implementing the recommendations for Accounts Receivable processes was in progress but awaited technical changes to Agresso by ICT specialists.

**The Committee noted the comments above and the report.**

### **24. Internal Audit: Oxford City Council Internal Audit Charter**

The Committee considered the charter setting out the internal auditor's (BDO's) standards.

**The Committee agreed to approve the charter.**

## **25. Risk Management report: Quarter 1 2017/18**

The Committee considered the report of the Head of Financial Services setting out both corporate and service risks.

The Committee noted that aged debt related primarily to provision of commercial services plus some household debt and that the risk rating for community cohesion had changed because the impact of an incident was judged to have increased, but there was no evidence this was more likely to occur.

**The Committee agreed to note the report.**

## **26. Officer Executive Decisions to 31 August 2017**

The Committee considered a report setting out Officer Executive Decisions taken to 31 August 2017.

The Committee agreed that as these decisions were now reported to councillors on publication the report was no longer necessary.

**The Committee noted the report and agreed that it should not be produced in future.**

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

**The Committee agreed to approve the minutes of the meeting held on 26 June 2017 as a true and accurate record.**

In relation to Minute 15, the Head of Financial Services circulated for information a summary of the successful Investigation Team Open Day on 14 September.

In relation to Minute 11, the Executive Director reported that it had been agreed to pay a market supplement, repayable under certain conditions, to address the difficulties in recruiting building control officers.

## **28. 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 7.40 pm**

Chair .....

**Date: Thursday 11 January 2018**