

## **Minutes of a meeting of the AUDIT AND GOVERNANCE COMMITTEE on Monday 9 March 2020**

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### **Committee members:**

Councillor Fry (Chair)

Councillor Munkonge (Vice-Chair)

Councillor Rush

### **Officers:**

Laura Bessell, Benefits Manager

Anita Bradley, Monitoring Officer

Ian Brooke, Head of Community Services

Nigel Kennedy, Head of Financial Services

Bill Lewis, Financial Accounting Manager

Jennifer Thompson, Committee and Members Services Officer

### **Also present:**

Greg Rubins, BDO Internal Auditor

Yasmin Ahmed, BDO Internal Auditor

Adrian Balmer, EY External Auditor

### **Apologies:**

Councillor Gant sent apologies.

## **37. Declarations of Interest**

There were no declarations.

## **38. Internal Audit: Progress update Quarter 4 March 2020**

The Committee discussed the report of the internal auditor BDO informing the Committee on progress against the 2019-20 audit plan.

Yasmin Ahmed (BDO) introduced the report and answered questions. The planned environmental audit had been delayed to encompass the results of the Citizen's Assembly and so 15 audit days were carried over to the 2020/21 audit plan to complete this.

The Committee noted that the corporate and service business continuity plans would be updated to cover the ongoing Covid-19 coronavirus outbreak to ensure services were delivered and staff could work safely.

**The Committee noted the report, the sector update, and the comments and answers to questions.**

### 39. Internal Audit: Recommendation follow up Quarter 4 March 2020

The Committee discussed the report of the internal auditor BDO setting out progress on those recommendations raised by Internal Audit which are due for implementation.

Yasmin Ahmed (BDO) introduced the report and answered questions.

Ian Brooke (Head of Community Services) gave an update on progress on the 6 incomplete actions for events management. The small team (2 staff) directly managed 4 events each year and facilitated or advised on many others. These varied in complexity and scale, included new events such as the OVO Energy Women's Cycle Tour of Oxfordshire. Since the audit, the aims for the service had altered. Once the review of directly managed events was completed, staffing would be reviewed, and the events strategy embedded within other strategies and services as an enabling (rather than stand-alone) function.

The Committee agreed that Head of Community Services and the internal audit team should rework the recommendations and actions to reflect the changes to the team's functions and these, plus realistic completion dates and the risk mitigation plan, should be presented for approval.

Ian Brooke (Head of Community Services) gave an update on the one incomplete action for Fusion due to be completed this quarter and explained that maximising the efficient and effective use of existing social media was now included in the annual service plan objectives and actions for this year.

#### The Committee:

- noted the report and answers to questions;
- for the events management audit, agreed that recast recommendations and actions be brought for approval.

### 40. Internal Audit: Audit Plan for 2020-21 and internal audit charter

The Committee discussed the report of the internal auditor BDO setting out the indicative Internal Audit programme for 2020 - 21 and the indicative strategic plan for 2020-23.

Greg Rubins (BDO) introduced the report.

The Committee agreed the following changes to the plan for 2020-23:

Ref	2020/21	2021/22	2022/23
2		<del>Major Works – Grenfell Report</del> Housing Investment and outsourcing model (moved from 2022/23 to take account of major impact of delivering against Growth Deal housing targets)	<del>Housing Investment and outsourcing model</del> Major Works – Grenfell Report (moved from 2021/22)

5		Project Management  (moved to 2021/22 or if possible 2020/21 to take account of the impact on delivery of major projects)	<del>Project Management</del>
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And the following changes to the plan for 2020-21:

Area	Days	Timing
Accounts Receivable	<b>Increase number of days to more than 15 to take account of complexity of this area</b>	Q3
Planning Services	<b>Increase number of days to more than 15 to take account of size, complexity, and impact of this area</b>	Q3
Other planned reviews	<b>adjust allocated days to reflect changes above</b>	Q3

**The Committee approved the Internal Audit programme for 2020-21 and the indicative plan for 2020-23 with the changes above, and delegated to the Head of Financial Services the final allocation of days and timing for each audit and the finalising of the audit plan.**

#### **41. External audit: EY Audit planning report for the audit of year ending 31 March 2020**

The Committee considered the report of the external auditor (EY) setting out the draft audit plan, including approach and scope, for the 2019/20 audit of the Council's accounts.

Adrian Balmer (EY) introduced and explained the audit plan.

He also confirmed that the audit, testing and certification for the 2018/19 Housing Benefits subsidy claim had been completed and submitted to the Department for Works and Pensions.

Laura Bessell (Benefits Manager) attended and explained the work carried out to manage the overpayments and local authority 'errors' for the 2019/20 claim year; keeping these below the lower threshold; and maximising the subsidy claim. The audit

would be completed in October 2020. She also outlined changes intended to streamline and automate some of the workload generated by the Department for Works and Pensions' processes.

**The Committee resolved to:**

- 1. note the update on the Housing Benefit subsidy claim; and**
- 2. agree the External Audit plan for the 2019/20 audit.**

## **42. External Audit: EY letter to PSAA bodies**

The Committee considered a letter from the external auditor EY dated 10 February 2020 setting out their position on their audit service under the Public Sector Audit Appointments (PSAA) and the sustainability of UK local public audit.

Adrian Balmer (EY) set out the main points in the letter:

- The audit fees as set by PSAA contract were for a set fee plus billing for specific additional work: where more work was required this had to be agreed between EY and the council or if challenged arbitrated by the PSAA. The additional bill for the 2018/19 audit work was currently with PSAA to arbitrate. In general EY was finding that the fees set in 2016 under the PSAA contract were now not sufficient to cover the increased complexity of the audit work.
- EY was planning on resourcing the 2019/20 audit to ensure it would be completed by 31 July but this was dependent on a number of factors including staff availability and specialist expertise. There would be no compromise on the quality of the audit.
- The Accounts and Audit Regulations 2015 did not specify that an audit needed to be completed by the publication deadline on 31 July each year (but that by that time the S151 officer must re-confirm that the statement of accounts presents a true and fair view of the authority's finances before the committee approves this on behalf of the authority.) The audit could be completed at any point.

The Committee noted concerns:

- The S151 officer had not seen the detailed contract between PSAA and EY that underpinned the audit function;
- The process for billing for additional work and the basis for increasing the agreed fee through the contract period was unclear;
- The process and terms for the contract renewal in 2 years was uncertain.
- The PSAA was consulting with S151 officers about how to proceed.

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

## **43. External Audit: EY sector briefing Quarter 4 December 2019**

The Committee considered and noted the briefing from the external auditor EY - Local Government Audit Committee briefing Quarter 4, December 2019.

#### **44. Risk Management Quarterly Reporting to March 2020**

The Committee discussed the report of the Head of Financial Services setting out corporate and service risks as at 31 January 2020.

Bill Lewis (Financial Accounting Manager) introduced the report and the changes from the last quarter: one new red risk relating to public health protection from the emergence of the Covid-19 coronavirus.

**The Committee noted the report.**

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

**The Committee agreed to approve the minutes of the meeting held on 9 January 2020 as a true and accurate record.**

#### **46. 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 30 July 2020**

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