

Remote meeting

Minutes of a meeting of the Audit and Governance Committee on Thursday 30 July 2020

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Committee members present:

Councillor Fry (Chair)

Councillor Corais

Councillor Simmons

Councillor Munkonge

Councillor Rush

Councillor Tanner

Officers present for all or part of the meeting:

Anita Bradley, Monitoring Officer

Nigel Kennedy, Head of Financial Services

Bill Lewis, Financial Accounting Manager

Jennifer Thompson, Committee and Members Services Officer

Also present:

Greg Rubins, Internal Auditor (BDO)

Yasmin Ahmed, Internal Auditor (BDO)

Adrian Balmer, External Auditor (EY)

Maria Grindley, External Auditor (EY)

Apologies:

No apologies were received

1. Election of Chair for the 2020/21 municipal year

The Committee elected Cllr Fry to be the Chair for the Council Year 2020/21.

Cllr Fry took the Chair.

2. Election of Vice Chair for the 2020/21 municipal year

The Committee elected Cllr Munkonge to be the Vice Chair for the Council Year 2020/21.

3. Declarations of Interest

None.

4. National Audit Office Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19

The Committee considered the guide prepared by the National Audit Office.

The Head of Finance, Nigel Kennedy, said all questions were relevant and he had prepared a report setting out the council's responses and the actions taken to mitigate the risks and issues highlighted in the guide. This would be circulated to the committee and published with the minutes.

The Committee noted the guide, and that the report of the Head of Finance would be published with the minutes.

5. External Audit: Audit results report for the year ending 31 March 2020

The Committee considered the report. Maria Grindley and Adrian Balmer (EY's auditors) introduced the report and along with the Head of Finance answered questions.

The Committee noted:

- The accounts would be presented to the October meeting for approval. The statutory deadline for completion and presentation of the 2019/20 accounts had moved to 30 November 2020 due to the disruption caused by the pandemic.
- The audit should conclude in the next few weeks subject to completion of specialist audits of property, plant and equipment; fixed assets; and pensions all of which were made more complex by rapidly changing economic factors. These findings and the 'going concern' calculations would be reflected in the final accounts and final audit opinion.
- Evaluation of the council as a going concern this year was complicated by current uncertainties in property and investments valuations; the impacts on wholly-owned companies, revenue and funding streams in the economic shutdown; and liquidity and access to revenue; as well as equity.
- The audit differences highlighted and the amounts re-stated did not affect the overall financial position or balances.
- Restatement of the Oxford Direct Services accounts, resulting in delay in completing these and finalising their audit, had a direct impact on the timetable for completing the council's accounts. The Head of Finance was communicating with ODS and their auditors.

The Committee expressed concern about the delays in finalising the Oxford Direct Services accounts and the consequences for the council's accounts.

The Committee noted the report and the answers to questions.

6. Annual Governance Statement for 2019/20

The Committee considered the Annual Governance Statement for the 2019/20 financial year for approval. Anita Bradley (Head of Law and Governance) introduced the report, highlighting key areas from the review to 31 March 2020 (pre pandemic) and the action plan for post-1 April, and answered questions.

The Committee noted:

- There were no areas where governance was weak. The council's decision making processes and governance were robust and well supported by a mature scrutiny function.
- The action plan covered areas for improvement and review including those particularly affected by the changes in working environment caused by the pandemic response.
- Decision making was the responsibility of the Executive and emergency powers were set out in the Constitution agreed by Council. Group leaders and senior councillors were consulted on decisions while normal public-facing decision making meetings were not possible (virtual public-facing meetings were resumed on 18 May, then followed the meetings programme agreed by Council).
- Councillor's comments that they felt member governance was lacking in the four month gap between scrutiny meetings and Council meetings.
- Councillor's comments that service delivery to residents, not member involvement, was key and the council had delivered continuing and new services very well during the lockdown.
- A request that the committee consider a report on governance under the new working arrangements.

The Chair commended the statement as a useful and informative overview of the council's business and thanked the lawyer who had prepared it.

The Committee resolved to approve the Annual Governance Statement for the 2019/20 financial year.

7. Risk Management Report - Quarter 1 July 2020

The Committee considered the report on corporate and services risks as at 31 May 2020. Bill Lewis (Financial Accounting Manager) introduced the report and answered questions.

The Committee noted:

- The new corporate risk around ensuring housing delivery and supply.
- The challenges and response to the council offices being closed staff transferred to homeworking as a result of the COVID19 lockdown guidelines, and the refresh of business continuity planning as a result.
- Due to huge efforts by ICT and staff, business had continued with minimal disruption with ongoing work to provide ICT services, equipment and furniture to support homeworking longer term.
- The crisis showed the central role of the ICT team in business continuity planning and resilience, and the disruption caused if any part of the ICT environment was unavailable. That would be incorporated in future plans.
- With homeworking now the on-going default for most office-based staff, a task group was reviewing the business model and new working patterns.
- QL (Housing Management Software) would be implemented in September and would have a major benefit for a number of processes.

- Individual risk assessments covered the environmental impacts and the impact of COVID19. There were no impacts arising directly from the report itself.
- There were severe economic risks to the city and the council if 20% of businesses were to close. Central government had funded grants, expanded business rate reliefs, and provided some semi-discretionary grant funding to support businesses affected by the COVID19 restrictions.
- Councillor's comments that a more detailed report on the business continuity planning process across a range of scenarios would be helpful.

The Committee noted the report and the answers to questions.

8. Internal Audit: Crisis response and the impact on the Medium Term Financial Strategy

The Committee considered the report of the Internal Auditor and the answers to their questions from the Internal Auditor and the Head of Finance.

The Committee noted that

- the current loss of revenue amounted to £24m for Oxford City Council (about £156/resident) and £64m for Oxfordshire County Council (about £95/resident);
- so far this financial year no council had issued a S114 notice which placed a legal requirement on the Chief Financial Officers of the Council, under, Section 114 (3) the Local Government Finance Act 1988 to advise "where the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure". . A number of authorities had however made announcements that they were close to doing so due to their anticipated losses arising from the impact of COVID19.

The Committee noted the report and the answers to questions.

9. Internal Audit: Annual Report and Annual Statement of Assurance for year to March 2020

The Committee discussed the report of the internal auditor BDO summarising the work undertaken by internal audit during 2019/20 and give an overview of the effectiveness of controls in place for the full year

Greg Rubins (BDO) introduced the report and answered questions.

The Committee:

- Noted the audit opinion of 'moderate assurance' for the overall design and effectiveness of the council's internal controls.
- Discussed the criteria for an audit opinion of 'substantial assurance' rather than 'moderate'.
- Asked for a report providing data on the overall audit opinion for BDO's client councils.

The Committee noted the report and the answers to questions.

10. Internal Audit Progress Report - Quarter 1 July 2020

The Committee discussed the report of the internal auditor BDO informing the Committee on progress against the 2020-21 audit plan; the assessments of systems reviewed in this quarter; and the Local Government Sector update. Yasmin Ahmed (BDO) introduced the report and answered questions.

The Committee discussed the executive summary of the graffiti and street appearance review and noted the scheduled audits for 2020/21.

The Committee agreed that the Audit 1 Car Parking should proceed as scheduled with the option of delaying in whole or in part if that would give a more effective test of the procedures and controls.

The Committee noted the report.

11. Internal Audit: Recommendation follow up – Quarter 1 July 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.

The Committee noted:

- Implementation dates were in 23 cases deferred due to the impact of COVID19 and changed demands on the service area.
- For the events management recommendations, implementation dates had been put back because of staff shortages and also the significant reduction in events.
- Debts were increasing due to the impact of COVID19 on personal and business finances: rent arrears were growing significantly and tenants were reluctant to engage with the council. Debt recovery was managed pragmatically, taking a proactive approach and engaging early with those in arrears where possible.

The Committee noted the report and the answers to questions, and asked that the Culture & Community Development Manager attend the October meeting to discuss progress on the events management recommendations.

12. Minutes of the previous meeting

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

13. Dates and times of meetings

The Committee noted the dates and times of their meetings.

The meeting started at 6.00 pm and ended at 8.00 pm

Chair

Date: Wednesday 21 October 2020

When decisions take effect: immediately. Details are in the Council's Constitution.

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