

Remote meeting

Minutes of a meeting of the Audit and Governance Committee on Thursday 14 January 2021

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Committee members present:

Councillor Fry (Chair)

Councillor Munkonge (Vice-Chair)

Councillor Gotch

Councillor Kennedy

Councillor Simmons

Councillor Tanner

Officers present for all or part of the meeting:

Laura Bessell, Benefits Manager

Nigel Kennedy, Head of Financial Services

Bill Lewis, Financial Accounting Manager

Paula Redway, Cultural Development Manager

Jennifer Thompson, Committee and Members Services Officer

Anna Winship, Management Accountancy Manager

Also present:

Gurpreet Dulay, (Internal Auditor), BDO

Yasmin Ahmed (Internal Auditor), BDO

Adrian Balmer (External Auditor), EY

Laura Bedford (External Auditor) KPMG

Andrew Cardoza (External Auditor) KPMG

Apologies:

No apologies were received by the start of the meeting.

23. Declarations of Interest

There were no declarations.

24. Setting of the Council Tax Base 2021-2022

The Committee considered the report of the Head of Financial Services recommending the setting the "Council Tax Base" for 2021-22 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

The Committee confirmed that the assumption of a collection rates of 98% were reasonable, and that the predicted numbers of empty homes were reasonable and proactive efforts were taken to bring these back into use.

The Committee resolved to agree that the 2021/22 Council Tax Base for the City Council's area as a whole is set at 45,705.6 (as shown in Appendix 1 of the report) and

1. that the projected level of collection is set at 98%
2. that the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2 of the report) be set as follows:

Unparished Area of the City	38,124.7
Littlemore Parish	1,827.1
Old Marston Parish	1,278.3
Risinghurst & Sandhills Parish	1,550.7
Blackbird Leys Parish	2,924.8
City Council Total	45,705.6

25. Progress with the Housing Benefit External Audit for 2019/20

The Committee considered the report of the Head of Financial Services on progress on the external audit review of the Housing Benefit Subsidy claim on 2019-2020.

The Committee noted that KPMG are the new auditors for the Housing Benefit external audit process, and welcomed the auditors (Laura Bedford and Andrew Cardoza) to the meeting.

Laura Bessell (Benefits Manager) introduced the report, gave an update on progress with the Housing Benefit Subsidy claim, and answered questions.

The audit had run entirely online and virtually because of the pandemic restrictions and had gone well. Work was well managed and carried out through email evidence, virtual meetings and screen-sharing, or direct system access. There were no significant delays or issues. The audit was nearly complete and the audited claim would be submitted on time.

Error rates had come in below the minimum threshold (£199,275 on nearly £44m expenditure) for no loss of subsidy on expenditure, but the audit had picked up a systematic accumulating error on State Retirement Pensions (SRP) which had taken the error rate to over the upper threshold. The council would lose around £280k of subsidy payment as a consequence.

The error was caused by accumulating rounding errors in calculating DWP's annual percentage increases in SRP in infrequently checked claims, resulting in large accumulated errors when aggregated over sizeable caseloads. Unfortunately there was no leeway for such errors. Uprating was now done by a monetary amount not a percentage so this should not recur on 2020/21's claim. Rates for other common types of errors remained low in both number and value.

The Committee confirmed the process and criteria for the recovery of overpayments.

The Committee thanked the Benefits team for their work and the completed audit, noted the changes to correct the SRP errors, and commended the low error rate in the team's day to day work.

The Committee noted the report and the outcome of the Audit Report to the Department for Work and Pensions (DWP) for 2019-20; the final subsidy claim; and the financial impact of the loss of subsidy.

26. Internal Audit Progress report - Quarter 3 January 2021

The Committee considered the report of the internal auditor BDO setting out progress against the 2020/21 audit plan; the assessments of systems reviewed in this quarter; and the Local Government Sector update. Gurpreet Dulay and Yasmin Ahmed (BDO internal auditors) introduced the report and they and Nigel Kennedy (Head of Financial Services) answered questions.

The Committee noted:

- The audit of car parking may be delayed until the next audit plan
- The report on Companies Oversight should be ready to present at the next meeting but this depended on the final timetable.
- Completing the audit plan was challenging when working entirely remotely and given the competing demands on officer's time this year.
- The reports on treasury management, financial controls (data analytics), and accounts receivable.
- The current internal audit contract ended in March 202 and following a competitive tendering process a new contract would be in place after that.

The Committee noted the report and the Local Government Sector update.

27. Internal Audit: Recommendations follow up – Quarter 3 January 2021

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

The Committee noted the verbal update from Paula Redway (Culture and Community Development Manager) on progress on recommendations for events management. These were delayed because of staff shortages and lower impetus due to the cancellation of all events since March 2020 as a result of the COVID pandemic restrictions. The events team primarily provided a management service, and specialist skills were outsourced to suitable companies. The recommended actions would be implemented in time for major events restarting at the end of the restrictions.

The Committee noted the written report and verbal update.

28. The Redmond Review into Local Audit and Local Authority Financial Reporting

The Committee considered the report of the Head of Financial Services providing a summary of the findings of the Redmond Review into Local Audit and Local Authority Financial Reporting, and considered whether to make any recommendations.

In particular the Committee commented:

- They could see the rationale for the external auditor presenting their annual report to Council, but considered this was better scrutinised by an experienced committee.
- The auditors should be able to meet with statutory officers at any time, and so a formal annual meeting of statutory officers with the key audit partner was not necessary.

- They did not support the addition of an independent audit committee member to the audit committee as it would not add value.
- They did not consider that implementing the recommendations delivered sufficient benefits for the costs involved.

The Committee

- noted that the deadline for publishing the audited annual accounts was reverting to 30 September although the legislation had not been published to enforce this yet.
- supported inclusion of a simple summary statement of the accounts with the council tax bills, whilst noting that the information would be almost a year out of date by that point, but not necessarily a separate summary statement with the accounts.

The Committee

1. **noted the report; and**
2. **agreed not to endorse implementing any of the recommendations but to keep these under review, and asked for reports on any future actions arising from legislation or guidance.**

29. Risk Management Reporting as at 30 November 2020

The Committee considered the report of the Head of Financial Services setting out the update on both corporate and service risks as at 30 November 2020, and discussed how the potential economic impact of Brexit on the council and city should be taken into account. The Council’s risks resulting directly from Brexit were low, but the economic impact would affect other risks.

The Committee noted the report and the risks.

30. Minutes of the previous meeting

The Committee agreed to approve the minutes of the meeting held on 24 November 2020 as a true and accurate record.

31. 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 7.30 pm

Chair

Date: Thursday 22 April 2021

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