

Minutes of a meeting of the Audit and Governance Committee on Monday 11 April 2022

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Committee members present:

Councillor Fry (Chair)

Councillor Munkonge (Vice-Chair)

Councillor Chapman

Councillor Corais

Councillor Latif

Officers present for all or part of the meeting:

Nigel Kennedy, Head of Financial Services

Lucy Tyrrell, Committee and Member Services Officer

Andrew Brown, Committee and Member Services Manager

Also present:

Bill Lewis, Financial Accounting Manager

Yasmin Ahmed, Internal Auditor, BDO

Greg Rubins, Internal Auditor, BDO (remote attendance)

Maria Grindley, External Auditor, EY (remote attendance)

Emma Griffiths, Legal Services (remote attendance)

Tanya Bandekar, Service Manager for Revenue, Benefits and Income (remote attendance)

Phil McGaskill, Revenues Manager (remote attendance)

Apologies:

Councillor(s) Hall and Roz Smith sent apologies.

35. Declarations of Interest

None received.

36. Draft External Audit Results Report for 2020/21

Cllr Tiago Corais joined the meeting.

Maria Grindley, External Auditor (EY) introduced the report which provided an update to the initial draft External Audit Results Report on the outcome of the audit of accounts which was presented to the Committee on 20 October 2021. She highlighted that work that had held up the audit had now been completed and that the audit was in the final stages of sign off.

The following was noted:

- Errors identified in the treatment of Grants have now been rectified and the materiality revised as a result of additional testing across a number of significant accounts.
- Delays in obtaining required information delayed the audit, however the reasons for this were recognised and this information will be included in the post-audit wash up discussion with officers to ensure a smoother audit process next year.
- Final guidance supporting the WGA submission will not be available until later in the year, and an update will be provided at the October meeting.
- Valuation of land and buildings is complete following an adjustment to the covered market valuation and is under final review.
- Material errors found in the assessment of agent and principal in accounting for Covid-19 related grant expenditure has been reassessed and completed following additional testing across all significant accounts.
- As a result of updated ISA 540 regulations, additional information was required for assessment of further reasonableness checks on gross liability. EY Pensions specialists were satisfied that gross liability was within an acceptable limit and the IAS19 assurance letter from the auditor of Oxfordshire Pension Fund enabled this audit to be concluded, noting that the impact of these on OCC was not material.
- Additional information in respect of Group Cashflows has been requested to complete the work on going concern and this will be updated to the Committee at the next meeting.
- A review of the work by Wenn Townsend on OxWED and Mazaars on ODS, ODST and OCHL has been received which will finalise work on group consolidation to be reported to the Committee at the next meeting.

In response to a question from the Committee, Maria Grindley confirmed that the covered market valuation included PPE and investment property, and that whilst a sensible range was requested and valued, it was outside what was expected and therefore revalued.

Bill Lewis, Financial Accounting Manager, explained the difference between Agent and Principal for the Committee, highlighting how the issues evolved due to late guidance from the government on how these are accounted for within the Balance Sheet. He confirmed that the Council relied on EY's national experience for guidance on this and that these issues have now been accounted for correctly.

Maria Grindley explained how going concern is treated for in a local authority in comparison to the public sector and highlighted that there are still considerations to manage. Nigel Kennedy, Head of Financial Services confirmed that medium term financial planning is reviewed monthly alongside the monitoring of the budget which would flag up any concerns.

The Committee noted the contents of the report and confirmed that delegation of signing off the accounts be given to the Chair of the Audit & Governance Committee.

37. Internal Audit Progress Report April 2022

Yasmin Ahmed, Internal Auditor (BDO) presented the internal audit progress report which informed the Committee on progress made against the Internal Audit work plan and on the outcome of their reviews, highlighting that good progress has been made, including the following:

- Private rented sector, environment and housing rent audits will be finalised and presented to the Committee at the July meeting.
- The remote working audit will be completed following the Council's rollout of their Flexible Working Programme, and to avoid duplication, will be postponed until Q2 of the 2022/23 audit plan.
- The academy review will no longer be reviewed as KPMG are satisfied that the Council has adopted correct processes in migrating the claims from Academy to Civica.

In response to a question from the Committee, the Internal Auditors confirmed that the scope of the private sector housing review included reviewing controls and processes, discretionary housing payments and how these are paid, checking that policies are procedures are up to date and a review of tenancy agreements. It is expected that all audits excluding environment and housing rents will be completed and the Head of Audit opinion issued.

Cllr Amar Latif joined the meeting.

In response to questions from the Committee, the Head of Financial Services confirmed the following:

- Despite the high workload required, all recommendations received will be put into place and reported to the July Committee meeting.
- BDO will not spend a large amount of time reviewing the QL system as a separate 'lessons learnt' review is taking place with external assessors.
- Although the QL system is operating manually to ensure payments are processed, this will move to an automated state by May/June.

The Committee noted the report.

The Committee recorded their thanks to the Finance team and acknowledged their hard work in completing this piece of work.

38. Internal Audit Follow Up Report April 2022

Yasmin Ahmed, Internal Auditor (BDO) introduced the report which informed the Committee on the implementation of the recommendations from their previous internal audit reviews. She highlighted that of the nine recommendations, five have been implemented and three of the remaining outstanding recommendations are part completed. All recommendations will be updated to the July Committee meeting.

In response to a question from the Committee, Nigel Kennedy, Head of Financial Services said that whilst the postponements were regretful, he assured the Committee that processes are in place that would prevent this happening again.

The Committee noted the report.

39. Internal Audit Annual Plan 2022-23 & Strategic Plan 2022-25

Greg Rubins, Internal Auditor (BDO) introduced the report which set out the proposed Internal Audit Annual Plan 2022/23 & Strategic Plan 2022/25 and highlighted the risk based approach to Internal Audit using the Council's own risk management process for new members' information. He further advised that it is a balanced plan to ensure consistency with the companies, and the protocols in place in reviewing those companies, to ensure assurances are supported.

The Committee discussed the priority order of strategic risks from the CRR and agreed the following:

- Planned maintenance and refurbishment moved to 2022/23 with specific work on town hall and community centre income slipped back to 2023-24 although some of this work may be able to be accommodated in other income audits in the 2022-23 audit programme.
- Contract management and procurement to remain for this year.
- Note that H&S was last reviewed in 2019/20, therefore keep to 2023/24.

The Committee approved the Internal Audit Annual Plan 2022/23 and Strategic Plan 2022/25 with the above amendments noted.

40. Risk Management Reporting as at 31 March 2022

Bill Lewis, Financial Accounting Manager introduced the report which updated the Committee on both corporate and service risks as at 31 March 2022. The following was highlighted:

- The number of red risks has remained at three, however the report provided additional context around how much control the Council has over these risks and how it seeks to influence this.
- There is an additional red risk for Planning which relates to the New Partnership Challenges, such as being unable to secure agreements in order to deliver work plan commitments or reach agreement with partners which can potentially result in the partnership failing.
- There is a Risk Management Group which met four times in 2021 to ensure there is a clear and consistent approach to the management of risk across the organisation, and this information is given in the report.

In response to questions from the Committee, Nigel Kennedy, Head of Financial Services noted the following:

- The Council are aware that recruitment is becoming a bigger risk due to the pandemic and different working practices, and that it is now an employee's market. The Council experienced 11% turnover last year, and whilst this is not categorised as a red risk, it is one that is being monitored.
- The Council carries out a lot of checks on key suppliers within procurement and will consider the Committee's concerns to reassess if should be moved to a red risk.

The Committee reviewed the risk management report and noted its contents.

41. Empty Property Report

Tanya Bandekar, Service Manager for Revenues, Benefits and Income introduced the report which provided an update on empty properties, the Council Tax Premium, and how empty properties are being brought back into use. Tanya Bandekar, Phil McGaskill, Revenues Manager and Nigel Kennedy, Head of Financial Services answered the following questions from Members:

- The Long Term Empty Premium has been increased to the levels allowed.
- Any additional amounts raised are taken into general income and split between the Council and Police.

- Regular contact is made with owners who are reluctant to give back properties into use, however there can be emotional attachments which make this more difficult.
- There are a small number of properties that are not in use as residential homes, and are used by the University for short term housing or educational purposes. It was agreed that this distinction would be highlighted in future reports. **(ACTION)**
- The Tenancy Team will be able to supply information on the average length properties are left empty and will forward that information to the Committee. **(ACTION)**

The Committee noted that Tanya Bandekar would be leaving the authority in June to take up a position in another authority. The Committee thanked Tanya Bandekar for her hard work over the years and wished her well.

The Committee noted the contents of the report.

42. Minutes of the previous meeting

The Committee agreed to approve the minutes of the meeting held on 27 January 2022 as a true and accurate record.

43. Dates and times of meetings

The Committee noted the dates and times of future meetings.

44. Matters exempt from publication and exclusion of the public

45. Empty Property Report - Exempt Appendix 3

The meeting started at 6.00 pm and ended at 7.30 pm

Chair

Date: Wednesday 27 July 2022

When decisions take effect:

Cabinet: after the call-in and review period has expired

Planning Committees: after the call-in and review period has expired and the formal decision notice is issued

All other committees: immediately.

Details are in the Council's Constitution.

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