

Minutes of a meeting of the Audit and Governance Committee on Wednesday 28 September 2022

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Committee members present:

Councillor Corais	Councillor Jarvis
Councillor Latif (Vice-Chair, in the Chair)	Councillor Munkonge
Councillor Fouweather (for Councillor Roz Smith)	

Officers present for all or part of the meeting:

Lucy Tyrrell, Committee and Member Services Officer
Nigel Kennedy, Head of Financial Services
Bill Lewis, Finance Accounting Manager (remote attendance)
Emma Griffiths, Lawyer (remote attendance)
Simon Howick, Managing Director, ODS Group (remote attendance)

Also present:

Greg Rubins, Internal Auditor, BDO
Max Hastings, Internal Auditor, BDO
Catherine Pridham, Non-Executive Director, ODS Group (remote attendance)
Maria Grindley, External Auditor, Ernst & Young (remote attendance)
Francesca Keates, External Auditor, Ernst & Young (remote attendance)

Apologies:

Councillors Fry and Roz Smith sent apologies.
Substitutes are shown above.

15. Declarations of Interest

There were no declarations of interest received.

16. Annual Governance Statement 2021/22

Emma Griffiths, Lawyer, introduced the report which asked the Committee to review and approve the 2021/22 Annual Governance Statement, and to consider whether it properly reflected the risk environment and supported assurances, taking into account the internal auditor's opinion of the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

Emma Griffiths drew the Committee's attention to the second recommendation, referencing the Action Plan for 2022/23, not included within the report. She advised that no action plan had been required for the 2022/23 financial year as the 2021/22 action plan had not been taken forward. The Committee agreed and noted the report and attached appendix.

Councillor Fouweather joined the meeting.

In response to Members' questions, Greg Rubins, Internal Auditor, BDO, responded that the moderate level of assurance is the same as that reported in the previous years.

The Committee were **resolved to:**

1. **Approve** the Annual Governance Statement for the 2021/22 financial year.
2. ~~Note that the Action Plan for 2022/23 will be reported to a future meeting.~~

17. Risk Management Report: Quarter 2 30 September 2022

Bill Lewis, Financial Accounting Manager, introduced the report which updated the Committee on both corporate and service risks as at 30 September 2022 and answered Members' questions as follows:

- As requested at the last Committee meeting, amber risks have been included within the report.
- The time limit for most public liability insurance claims is 3 years for personal injury and 6 years for property damage.
- Terrorism remains at a red risk, due to the devastation that would be caused, however Nigel Kennedy, Head of Financial Services, agreed to request ODG reconsider this rating.
- Although there have been challenges with ICT, most notably the implementation of the new QL system, ICT remains at an amber risk rating due to the number of systems that, when reviewed together, remain at amber at a corporate level.

In response to a question regarding the red risk rated against Leisure and Community Services, Bill Lewis advised that he would review the rating with the Head of Service, circulating any response to the Committee.

The Committee noted the report.

18. External Audit: Draft Audit Results Report for the year ended 31 March 2022 - verbal update

Maria Grindley, External Auditor, Ernst & Young, provided a verbal update to the Committee which highlighted the delayed start to the audit caused by the implementation of the QL system. To ensure efficiency and cost effectiveness to the Council, the Council Finance Team and the EY external audit team agreed to stand down the audit which will recommence on 31 October 2022.

Nigel Kennedy, Head of Financial Services reassured the Committee that this was an expected outcome of an implementation of a new financial system, and significant testing has been taking place to ensure it is ready for use by mid-October.

Councillor Corais joined the meeting.

In response to Members' questions, Maria Grindley and Nigel Kennedy advised that there was no additional cost to the audit at this stage as works had ceased, and

therefore no costs accrued. Maria Grindley assured the Committee that additional resource will be deployed to ensure that the audit is completed in a timely manner, and are working closely with Council Officers to ensure the audit is carried out effectively. As a result of Covid-19, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 No 263, in force since 31 March 2021, an extended timescale is provided to complete and submit the audit for this year, and many Councils are in a similar position.

The Committee noted the update, and requested that the position be reviewed at the next Committee meeting.

19. Internal Audit: Progress Report September 2022

Greg Rubins, Internal Auditor (BDO) presented the internal audit progress report which informed the Committee on progress made against the internal audit plan and the outcome of their reviews, and highlighted the following:

- The Redmond Review into the Local Government Audit recommendation of Independent Audit Committee Members which has not yet been legislated by the government, will come into force at some stage, and require formal consideration by the Committee.
- The Global Risk Landscape 2022 paper advises the Committee of the key risks surrounding supply chains.

In response to Members' questions, Greg Rubins advised that regarding the appointment of an Independent Member, it would be for the Council to determine the level of expenses payable and level of powers given. He further advised that the role is to advise the Committee, and it is not usual to give voting powers. Nigel Kennedy, Head of Financial Services, advised the Committee that the appointment would be taken following legal advice, and would be subject to review through the Constitution Working Party for final decision at Full Council.

Max Hastings, Internal Auditor (BDO) highlighted the audit findings relating to car parking and advised that of the two findings identified, both related to parking enforcement. In response to Members' questions, he advised that following discussions with Officers, both incidences were found to be outliers, however operating controls have been reviewed.

Catherine Pridham, Non-Executive Director for Oxford Direct Services presented the report for the summary of work at the companies and advised that the internal audit plan was amended due to the QL system which had impacted the company's ability to process invoices, and detailed the manual processes put in place to enable obligations to be met.

The Committee noted the report.

20. Internal Audit: Follow Up Report September 2022

Greg Rubins, Internal Auditor (BDO) introduced the report which informed the Committee on the implementation of the recommendations from their previous internal audit reviews. He highlighted that ten high recommendations have been implemented, which included nine from the private sector rented review.

The Committee noted the report.

21. Local Authority Audit Benchmarking Report

Greg Rubins, Internal Auditor (BDO) introduced the report which provided comparative information across the company's Local Authority clients relating to the internal audit assurance opinions provided in 2021/22. He advised that due to Covid-19, benchmarking outcomes across local authorities were largely similar.

In response to a question from the Committee, he advised that a report showing mainly substantial assurances could indicate that the area of audit focus has been misdirected, and a report which identifies controls improving year on year is more valuable for audit purposes.

The Committee noted the report.

22. Minutes of the previous meeting

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

23. Matters exempt from publication and exclusion of the public

The Audit and Governance Committee passed a resolution in accordance with the provisions of Paragraph 4(2)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 to exclude the press and members of the public on the grounds that Oxford City Council, Town Hall, St Aldate's Oxford OX1 1BX their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

24. Confidential Minutes of the previous meeting

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

25. 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 7.00 pm

Chair
January 2023

Date: Wednesday 18

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.