

Minutes of a meeting of the Audit and Governance Committee on Wednesday 26 July 2023

www.oxford.gov.uk



Committee members present:

Councillor Hall	Councillor Roz Smith
Councillor Thomas (Vice-Chair, in the Chair)	Councillor Hollingsworth (for Councillor Corais)
Councillor Rowley (for Councillor Fry)	Councillor Muddiman (for Councillor Jarvis)

Officers present for all or part of the meeting:

Lucy Brown, Committee and Member Services Officer
Nigel Kennedy, Head of Financial Services
Bill Lewis, Financial Accounting Manager (remote attendance)
Emma Griffiths, Team Leader Lawyer (remote attendance)

Also present:

Yasmin Ahmed, Internal Auditor, BDO (remote attendance)
Greg Rubins, Internal Auditor, BDO (remote attendance)
Adrian Balmer, External Auditor, Ernst & Young (remote attendance)
Helen Bishop, Head of Business Improvement (remote attendance)
Gail Malkin, Head of People (remote attendance)
Rocco Labellarte, Chief Technology & Information Officer (remote attendance)

Apologies:

Councillor(s) Corais, Fry and Jarvis sent apologies.
Substitutes are shown above.

1. Election of Chair for 2023/24

Councillor James Fry was elected Chair for the Council year 2023-24.

2. Election of Vice Chair for 2023/24

Councillor Imogen Thomas was elected Vice-Chair for the Council year 2023-24.

3. Declarations of Interest

There were no declarations of interest received.

4. Investigation Team Annual Report 2022/23

The Head of Financial Services had submitted a report which appraised the Committee of the activity and performance of the Counter Fraud Team for the fiscal year 01 April 2022 to 31 March 2023.

Scott Warner, Customer Fraud Manager introduced the report and advised that the team had been responsible for achieving fraud prevention, detection and identification values in excess of £5.1 million in the period. He reported on the successful annual fraud conference, of which was the seventh hosted by the team, aimed to help raise awareness of fraud trends, emerging risks, and to raise awareness of the services offered by the team.

The Committee congratulated the team on the remarkable results achieved by the team, which provided an extremely important service for the Council with excellent value for money.

In discussion, the numbers in table one were clarified and it was confirmed that the investigation detailed within the confidential appendix was still ongoing. Information on service area improvements identified as part of an investigation would be included in future reports to the Committee.

The Committee were **resolved** to note the report.

5. Avoiding Bribery, Fraud and Corruption Policy

The Head of Financial Services had submitted a report which presented the reviewed Anti-Bribery, Fraud and Corruption Policy for approval and adoption.

Scott Warner, Counter Fraud Manager, introduced the report and advised that the policy had been reviewed to ensure that it included updated legislation to strengthen the Council's anti-bribery, fraud and corruption framework. He advised that the policy had been updated with new team members, and on approval, the updated policy would be added to the Council website, the intranet and would feature as part of the all Fraud Awareness Training delivered by the Counter-Fraud Team.

The Vice-Chair of the Committee drew the Committee's attention to part 14.15 of the policy whereby all members of the Council should take seriously and treat with confidence any concerns raised about a potential bribery, fraud or corruption. Also part 14.18, which detailed the responsibility of the Audit and Governance Committee in ensuring the policies for making sure the Council follows regulatory guidance in respect of anti-fraud and corruption and money-laundering were noted.

In response to queries from the Committee, Scott Warner advised that concerns raised through the Whistleblowing Policy are referred to this policy if appropriate, and refer to Council members only, and not Parish Councillors.

The Committee were **resolved** to approve the reviewed policy.

The Committee agreed to move agenda item 7 to the end of the agenda to enable discussion of the confidential appendix.

6. Update on 2021/22 Annual Accounts

Adrian Balmer, External Auditor, Ernst & Young, provided the Committee with a brief update received from the Department of Levelling Up, Housing and Communities,

which provided context regarding the direction of government on tackling the completion of outstanding Local Authority audits.

Bill Lewis, Financial Accounting Manager, advised the Committee that regulations would be passed that would enable audit firms to review and sign off outstanding audits to provide some assurance to the public sector accounts. He advised that there could be a knock on effect to subsequent accounting periods, however this would be considered by audit firms.

Adrian Balmer clarified that value for money conclusions and pension fund audits would be prioritised in light of financial sustainability pressures to enable further assurances to the accounts, however he had not received details on how these would be provided for.

Bill Lewis advised the Committee that the annual accounts for Oxford Direct Services Group Ltd had been finalised with their internal auditors, Mazaars, and pending Board sign off, would be incorporated within the Council's accounts for the external auditors to sign off later this year.

Adrian Balmer reassured the Committee regarding the national concerns with Section 114 notices, however advised that Nigel Kennedy, Head of Financial Services had previously provided a report to the Committee which included helpful information to confirm the Council's position.

The Committee noted the current status of the 2021/22 and 2022/23 audits and thanked Adrian Balmer for the information provided to the Committee.

7. Annual Report and Statement of Assurance 2022-23

Greg Rubins, Internal Auditor of BDO, presented the report which informed the Committee on the details of the work undertaken by internal audit for Oxford City Council and provided an overview of the effectiveness of the controls in place for the full year. He highlighted that overall they were able to provide a moderate assurance that there was a sound system of internal control, designed to meet the Council's objectives and that controls were being applied consistently.

The Committee were **resolved** to note the report.

The Committee agreed to move agenda items 10 and 11 to the end of the agenda.

8. Recruitment and Retention Audit Update

Gail Malkin, Head of People introduced the report which updated the Committee on recruitment and retention challenges and the Council's People Plan objectives. She advised that vacancy levels remained constant, the Council had recruited an in-house Recruitment Consultant who was working proactively to approach candidates for the lawyer and property roles and employee turnover was consistent at approximately 8.5%.

In response to questions from the Committee, Gail Malkin advised that employee exit interviews could now be completed online, and anecdotal data suggested that employees had left the Council mainly for other career development opportunities. Reed had been employed to provide a payroll-only service for candidates who had been sourced to temporary roles to provide a time and cost saving where the Council had been able to find candidates.

Gail Malkin also advised the Committee that apprenticeships had been recruited to many roles across the Council. They were actively working with local schools to encourage a diverse and local pool of candidates, and internal career development opportunities were also being explored.

The Committee were **resolved to:**

1. **Note** the report.
2. **Confirm** the Committee was satisfied with the approach.

9. Regulation of Investigatory Powers Act 2000

Emma Griffiths, Team Leader Lawyer introduced the report which presented the revised Regulation of Investigatory Powers Surveillance Policy and Procedure for approval and adoption. She highlighted an error within the report in paragraph 3, that the report related to the Council's use of the Regulation and Investigatory Powers Act 2000 (RIPA) for the period April 2017 to March 2018, and that the report in fact related to the Council's use of RIPA for the period April 2022 to March 2023, during which time the powers had not been used.

She further highlighted the strict parameters for the use of investigatory powers available to the Council in direct covert surveillance, the interception of communications data and the use of Covert Human Intelligence Sources, and confirmed that the Council had not used any of these powers available for several years, and had submitted a nil return to the IPCO in its statistical return for 2022.

In response to questions from the Committee, Emma Griffiths clarified the use of CCTV for either covert or direct intelligence evidence gathering, and what considerations the Council would have before doing so. The Committee advised that a simple flowchart detailing the sequence of authorisation would be useful for inclusion within the policy, and would approve the policy subject to this being included and reported back to the next Committee meeting. (**ACTION**)

The Committee were **resolved to approve** the revised Surveillance Policy and Procedure at Appendix 1 to the report, *and delegated authority to the Head of Law and Governance to draft and include a flowchart detailing the authorisation process.*

The Committee agreed to move agenda items 14 and 15 to the end of the meeting.

10. Internal Audit Follow Up Report - July 2023

The Internal Auditor, BDO submitted a report which informed the Committee on the implementation of the recommendations from their previous internal audit reviews.

Yasmin Ahmed, Internal Auditor, BDO introduced the report and advised the Committee of the 20 recommendations due, all apart from 2 were complete or in progress. The outstanding recommendations had been provided with revised due dates and would be reported to the next Committee meeting.

In response to a question from the Committee regarding the overdue recommendation regarding reviewing governance arrangements to ensure decisions taken by the Development Board, Housing Supply Programme Group, ODG and CMT did not contravene the opinions of the SG, Yasmin Ahmed advised that the Executive Director of Development had assured BDO that the recommendation was being progressed, having been presented to the Net Zero SG meeting on 24 July 2023. As the follow up

had been undertaken by BDO before this date, it would be reviewed again for the next Committee meeting. It was noted that the Executive Director for Development would be invited to the next Committee meeting to report on this recommendation if it had not been completed. **(ACTION)**

The Committee were **resolved** to note the report.

11. Matters Exempt from Publication

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 for the following agenda items 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.

12. Internal Audit Progress Report - July 2023

The Internal Auditor, BDO had submitted a report which informed the Committee on progress made against the internal audit work plan and on the outcome of their reviews.

The Audit and Governance Committee discussed the report and its confidential appendix in private session.

The Committee **resolved** to note the report.

13. Risk Management Report as at 30 June 2023

The Head of Financial Services had submitted a report to update the Committee on both corporate and service risks as at 30 June 2023.

The Audit and Governance Committee discussed the report and its confidential appendix in private session.

The Committee **resolved** to review the risk management report and **note** its contents, *not including the confidential appendix, which would be updated for the following Committee meeting.*

14. Minutes of the previous meeting

The Committee agreed to **approve** the minutes of the meeting held on 26 April 2023 as a true and accurate record.

15. Confidential minutes of the previous meeting

The Committee agreed to **approve** the confidential minutes of the meeting held on 26 April 2023 as a true and accurate record.

16. 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
September 2023

Date: Wednesday 27

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.