

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 10 January 2024 commencing at 1.00 pm and finishing at 3.08 pm

**Present:**

**Voting Members:** Councillor Roz Smith – in the Chair  
Councillor Brad Baines (Deputy Chair)  
Councillor Ted Fenton  
Councillor Nick Leverton  
Councillor Ian Middleton  
Councillor Glynis Phillips  
Councillor Richard Webber

**Other Members in Attendance:** Councillors Dan Levy, Donna Ford and Jenny Hannaby (virtual attendance) and Dr Geoff Jones (Virtual attendance)

**By Invitation:**

**Officers:**

Whole of meeting Lorna Baxter (Executive Director Resources), Anita Bradley (Director of Law and Governance and Monitoring Officer), Sarah Cox Chief Internal Auditor), Katherine Kitashima (Audit Manager), Kathy Wilcox (Head of Financial Strategy)

Part of meeting Adrian Balmer (Ernst and Young), Kalthiemah Abrahams (Ernst and Young), Tim Chapple (Treasury Manager), Richard Quayle (Chief Accountant)

*The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with the addenda and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports [agenda, reports and schedule/additional documents], copies of which are attached to the signed Minutes.*

### **1/24 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

Apologies for absence were received from Councillor Yvonne Constance, Councillor Jenny Hannaby and Dr Geoff Jones. Councillor Hannaby and Dr Jones were attending virtually to hear the debate.

### **2/24 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE**

(Agenda No. 2)

Councillor Ian Middleton declared a personal interest as he is a member of Cherwell District Council.

### **3/24 MINUTES**

(Agenda No. 3)

The Committee approved the minutes of the meeting held on 29 November 2023 subject to two typos and authorised the Chair to sign them as a correct record. All actions had been completed or were on track.

**RESOLVED: that the Committee approved the minutes of the meeting held on 29 November 2023 were a true and accurate record.**

### **4/24 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

There were no petitions or requests of public address received.

### **5/24 ANNUAL GOVERNANCE STATEMENT - UPDATE ON ACTIONS**

(Agenda No. 5)

The Director of Law and Governance, Anita Bradley, clarified to the Committee that the report was an update on the actions from the Annual Governance Statement 2022/23 and to make any comments on them. The Committee had been presented an update at the 29 November 2023 meeting on the thirteen areas of focus identified for 2023/24. This report was on those actions where an additional update was required. It was reported that good progress was being made against the action plan and some of the actions were complete and others were not due to complete until March 2024, hence were still in progress.

Committee Members asked what services were still provided to Cherwell District Council and it was reported that the internal audit function was coming to an end, however, there was still a SLA for emergency planning. It was reported that the Constitutional Working Group would be reconvened later in January 2024. Councillor Baines asked about the 90 attendees that attended the stage 1 training that had been provided for Childrens Social Care and what percentage of staff that was, and if it was a good level of attendance or not.

**ACTION: The Director of Law and Governance to report back to Councillor Baines**

The Chair added that a lot had been done but in-person training was important that the legal status and responsibilities and accountabilities of Members were clearly understood in relation to outside bodies they are appointed to by the Council, Councillor Fenton asked how this would be done and it was explained that this would be through training. The responsibilities for Councillors differed for a different organisations and charities. Councillor Middleton asked about paragraph 22 and the six-monthly meetings by the ICO and was advised that these were ongoing. There were strong relations for subject data access and customer services. The Director of

Law and Governance informed the Committee that key decisions were within Council minutes and were searchable. There were available on the intranet.

**RESOLVED: that the Committee received the update on the actions from the Annual Governance Statement 2022/23.**

## **6/24 INTERNAL AUDIT 2023/24 PROGRESS REPORT**

(Agenda No. 6)

The Chief Internal Auditor, Sarah Cox, presented the report to the Committee. The points highlighted included the following:

- The issue of vacancies was still ongoing, and the recruitment of a new Internal Audit apprenticeship would start during February 2024, with the aim of them starting in September 2024.
- The current internal audit plan, attached to the report, showed the current progress with each audit and any amendments made to the Plan. The Plan was reviewed quarterly with senior management. Three audits had been deferred until 2024/25. This was due to the shortfall of experienced staff. A new audit for a primary school had been requested for completion in February 2024. Four audits had been completed and the others were on track to complete and gain an audit opinion. The performance had not been impacted.
- The results of the external assessment of internal audit had been completed in November 2023 by an assessor from CIPFA. The results were very positive with an overall conclusion that OCC's internal audit service fully conformed to the requirements of the standards. The six advisory issues were in the process of being actioned.

The Chair and the Committee thanked Katherine Kitashima, Audit Manager, for all her hard work. Finally, the Chief Internal Auditor reported that there was one red report for Physical Security Systems – Building Access Controls and CCTV System. The report had been positively received and the actions have already been addressed with a short time frame to implement the remaining actions. Councillor Leverton asked of the apprentices, how many were still in post with the Council, and it was reported that three were still in post and one had been lost to a better paid position in London. The Committee agreed that the apprentice scheme did work. Councillor Phillips congratulated the Team for a fully conformed report. Councillor Phillips was concerned that there were no formally documented procedures governing the use of CCTV and overall management responsibility for systems had not been assigned. It was also concerning that even though there was a formal contract with a third party for servicing and maintaining CCTV and the intruder alarm systems, the formal contract could not be located. Councillor Phillips suggested that this be put forward to the Audit Working Group as it related to safety of staff and building access was crucial and it was important for the Committee to be reassured that everything was correctly in place.

The Chief Internal Auditor informed the Committee that since there was no business to transact at the January 2024 Audit Working Group meeting, this would be cancelled with the Chair's approval, and it would be more timely for any of the audit reports to be presented to the Audit Working Group at the March 2024 meeting.

Councillor Baines asked how long it took for an apprenticeship to become an auditor and was informed that the initial audit, level 4, lasted 18 months to two years and then subject to vacancies, they could apply for an auditor post. They would then be supported for a further two years for the chartered auditor profession, so potentially 4 years.

Councillor Fenton asked what assurances were there that “we were growing our own”. Sarah Cox responded that the Council was doing their best to retain staff, having good terms and conditions and paying comparably to other local authorities.

Councillor Baines also asked as there was a delay of three months in the transformation audit, was this going to have a limited scope or be further delayed and what were the risks created as a result. The Chief Internal Auditor reported that the deferral was for the Property Services and the Strategic Contract Management audits and these were proposed for quarter 1. The transformation audit had been scheduled at the beginning of the year, not being aware of the significant work improvements, hence the timing was critical. Further reassurance could be given going forward. The Executive Director Resources commented that the next key stage would be the all-staff briefing on 16 January 2024, everything was still being developed.

Councillor Phillips commented that dealing with complaints was very important as this was customer facing and this was the way customers saw the council. The Committee discussed the ‘complaints complaint’ at the Council and that the organisation did not proactively address issues raised at an early stage but waited until it became a complaint. It was agreed that complaints were a good thing and residents were the customer so it was good to hear about what was not going well so that it could be improved. The Chair added that the number of complaints had increased during the pandemic for all local authorities as people had time and a phone call was always better received than an email which could get very lengthy and therefore frustrating for the customer.

Councillor Baines asked about the metrics used to record the resolution of and the conclusion of a complaints and the Chair asked if all the actions, good and not so good, recorded. Sarah Cox suggested that the Director for Customer Experience and Cultural Services be invited to a future meeting.

The Committee showed a particular interest in this area, and it was agreed that this item be added to the Audit Working Group agenda for the March 2024 meeting, inviting Mark Haynes, Director for Customer Experience and Cultural Services, to present a report.

**ACTION: Complaints process report be added to the Audit Working Group work programme for March 2024 meeting.**

Councillor Phillips asked that the report covered the effectiveness of responses from Directorates so that the Committee could look at the entire process including the difference between priority 1 and priority 2 and what was a complaint.

Councillor Middleton was concerned that is a person complained more than once, were they treated differently and was reassured that the policies were not being used inappropriately. There was a need to have clear policies in place. This could be addressed at the Audit Working Group meeting.

The Committee reviewed the other audits and made comments on the following:

- Cyber Incidents preparedness and response review 2023/24 – noted, good progress being made.
- Children’s Placements Contract Management and QA processes – Amber – the response rate from the on-the-spot providers was less than 2% and very disappointing. There was now work underway on how to engage with providers in a more meaningful way. It was also worrying to see the RAG rating moving from a red to amber with no evidence provided or saved to support the change. The Committee was reassured that robust actions were being put into place to address this.
- Physical Security Systems 23/24 – it was concerning to see that the systems were not in place and the contracts not being located, however, it was positive that this was all being addressed. The Executive Director Resources informed the Committee that the issues had already been identified, hence it had not been a surprise and therefore action plans had been put into place as soon as possible to complete as soon as possible.

**RESOLVED: that the Committee noted the progress of the 2023/24 Internal Audit Plan and the outcomes of the completed audits.**

## **7/24 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2024/25**

(Agenda No. 7)

Tim Chapple, Treasury Manager, presented the report to the Committee. The forecast average cash balance for 2024/25 was £463m. The Council would maintain its investment in strategic pooled funds with a purchase value of £101m. The remaining £362m would be managed internally with a mixture of short, medium and long-term deposits. According to the CIPFA guidance, on the investment side, priority would be given to the security liquidity above other considerations. The strategy was also based on the assumption that this was the peak of interest rates and coupled with the balances, were about £50m higher than the lending limit increased, next year from 140 to 170m. The forecast for return on average for the year was forecasted to be 4.25%. If all forecasts were correct, then the full cost interest received would be £15.4m. On the external funds, no changes were proposed to the holdings during the financial year and that would produce about £3.8m worth of dividends. At present there was a statutory override that fluctuations were not taken to the revenue account. This was due to end in March 2025. The Treasury Manager recommended that as part of the overall budget setting process, there was a proposal to create a reserve with initial funding of £2.2million to assist in managing the risk of the override ending.

A new borrowing instrument had been added, called Community Municipal Investments and this would allow the issuing of community bonds which would assist in small green projects.

Members asked for clarification on a few points.

The Chair thanked the Treasury Manager and his Team for the report.

**RESOLVED: that the Committee endorsed the Treasury Management Strategy for 2024/25 as outlined in the report.**

## **8/24 FINANCIAL MANAGEMENT CODE**

(Agenda No. 8)

Kathy Wilcox, Head of Corporate Finance, presented the report to the Committee. The Financial Management code had six themes aimed at strengthening the financial resilience and sustainability of local authorities. The performance against the six themes was measured by 19 standards which were arranged over seven sections.

It was clarified that only A and E were amber and all the others were green.

The Officers informed the Committee that benchmarking was being used ad hoc in the organisation, but the transformation programme was expected to focus on improving the business intelligence information. The process needed to be robust and consistent on using benchmarking. It was important to understand if services provided were above or below average and why. Having more data intelligence would assist to make better decisions.

Councillor Phillips asked if Value for Money included social value as part of the CIPFA standards and if it was not, could CIPFA be informed that local authorities had to include this in their considerations. The Executive Director Resources, Lorna Baxter, informed the Committee that in terms of social value of procurement, that was a requirement so was considered but the issue was that social value meant different things to different organisations.

**ACTION: Executive Director Resources to have discussion with CIPFA about social value and its definition.**

Kathy Wilcox gave further information on the second amber standard and that there was lots of engagement ongoing but there needed to be clearer guidance for managers and again this would be through the transformation programme. Further improvement and training were required to work towards a joined up consistent approach. A clearer framework needed to be developed of financial roles and accountability and training and embedded to ensure that the work could be carried out in an efficient way. The reserved position was discussed, and that the assessment was still to be completed.

Members queried that there was no reference to the environment and climate change in the CIPFA guidance and if this could be asked of CIPFA. Also, a question was raised about Member engagement, and it was confirmed that there had been more

engagement including additional briefings, Group Leader meetings and more communication had been circulated, but more could be done. The final point raised was the use of consultants and if there was any criteria in place and it was noted by the Committee that it was up to individual Directors and the need to discharge their functions.

**ACTION: Executive Director Resources to have discussion with CIPFA about social value and its definition.**

**RESOLVED: that the Committee endorsed the assessment of compliance against the Financial Management Code for 23/24**

## **9/24 2022/23 PENSION FUND PLANNING REPORT**

(Agenda No. 9)

Kalthiemah Abrahams, Audit Manager for Pension Fund Audit, presented the report to the Committee.

The main point to highlight and that was different from the last report was the ISA 135-identifying and Assessing the Risks of Material Misstatement. The audit would be required to perform new and additional procedures to understand the Fund's use of IT, the IT processes relating to those IT applications relevant to the audit used in the different accounting processes and, where relevant, the IT general controls (ITGCs) that address IT risks in the IT processes and evaluation of their design effectiveness and whether they had been implemented. Any issues would be reported through the audit results report.

Secondly, the disclosure for the IS19, the County Council would not have completed the 2022/23 audit at this time so this would be completed additionally by the Audit Team.

And finally, additional work would be carried out on the membership numbers of the pension fund.

Councillor Phillips asked for clarification of the Oxfordshire pension fund investments and the Brunel Fund, which was given by Lorna Baxter.

**RESOLVED: that the Committee noted the 2022/23 Pension Fund Planning Report**

## **10/24 ERNST & YOUNG UPDATE**

(Agenda No. 10)

Adrian Bulmer, Ernst and Young, gave the Committee a verbal update. It was reported that the final checks were being completed on the 2021/22 accounts, which

were close to sign off. The final check would be if any subsequent events needed to be included. Once this was completed, the Committee had delegated authority in place to Lorna Baxter and the Chair to sign off the 2021/2022 accounts. These would include the pension fund accounts for 2021/22 as substantially complete, too. Once these had been signed off, they would be merged into the final set of Council accounts, and then it would move to conclusion.

It was reported that guidance from central government for the 2022/23 accounts and historical years of audits was still being awaited.

**RESOLVED: that the Committee noted the update**

**11/24 WORK PROGRAMME**  
(Agenda No. )

The Committee discussed the items on the work programme. The following points were discussed:

- The Annual Report to Council would be circulated in February for comments and then a draft version would be presented at the March Committee meeting.
- Dr Geoff Jones asked about the IT Management briefing that was due at the last meeting. The Committee were reminded that this was due to be covered under Item 10, Delivering the Future Together.
- The Chief Auditor informed the Committee that the January 2024 Audit Working Group meeting would be cancelled and the two substantial items would be on the March meeting agenda.
- The AGS training would be provided by Simon Harper at the May meeting and the Treasury Management Update would be given at the September meeting.

The March meeting would begin at 1pm.

**RESOLVED: that the Committee noted and commented on the work programme**

**12/24 DATE OF NEXT MEETING**  
(Agenda No. 11)

The Committee noted the date of the next meeting to be 13 March 2024.

..... in the Chair

Date of signing .....