

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 17 September 2025 commencing at 1.00 pm and finishing at 3.25 pm.

Present:

Voting Members: Councillor Roz Smith – in the Chair

Councillor John Shiri (Deputy Chair)
Councillor Ron Batstone
Councillor Andrew Crichton
Councillor Ted Fenton
Councillor James Fry
Councillor David Hingley
Councillor Gavin McLauchlan
Councillor Leigh Rawlins

Non-voting Members: Kate Cartwright
Paul McGinn

Other Members: Councillor Dan Levy – Cabinet Member for Finance, Property and Transformation

Officers: Martin Reeves – Chief Executive Officer
Anita Bradley – Director of Law and Governance and Monitoring Officer
Tim Chapple – Treasury Manager
Jody Kerman – Head of Prevention, Protection and Trading Standards
Katherine Kitashima – Audit Manager
Lakshmi Lal – Principal Auditor
Jack Nicholson – Democratic Services Officer
Georgina Queripel – Audit Manager
Ella Stevens – Deputy Chief Accountant
Kathy Wilcox – Head of Corporate Finance

Others in Attendance: Simon Mathers – Ernst and Young (Agenda Item 8)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.

62/25 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

The Chair welcome everyone to the meeting, especially the Cabinet Member for Finance, Property and Transformation; the new independent members and Laksmi Lal, the new principal auditor (an observer). There were no apologies for absence.

63/25 DECLARATION OF INTERESTS

(Agenda No. 2)

There were no declarations of interest.

64/25 MINUTES

(Agenda No. 3)

The Committee amended and approved the minutes of the meeting of 16 July 2025 for the Chair to sign.

65/25 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were none.

66/25 AUDIT WORKING GROUP TERMS OF REFERENCE

(Agenda No. 5)

The audit team introduced the report.

The Committee agreed that independent members Kate Cartwright and Paul McGinn should join Councillors Batstone, Fenton, Mclauchlan, Rawlins, and Shiri on the Audit Working Group (AWG).

RESOLVED to agree the updated Audit Working Group Terms of Reference for 2025-27.

67/25 TREASURY MANAGEMENT QUARTER 1 PERFORMANCE REPORT 2025/26

(Agenda No. 6)

The Treasury Manager introduced the report.

The Committee asked how it was that the Council had decided to cap borrowing at 5 per cent per year of the net operating budget. The Treasury Manager said that the Council set a potential indicator each year, which was based on capital finance requirements or the underlying need to borrow. He added that this was due to peak at £559 million, whereas external debt was expected to be £270 million, in 2025/26.

The Committee asked about environmental factors in relation to borrowing. The Treasury Manager said that the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management stipulated that the security and liquidity of any loans should be prioritised above all other factors when

loans were obtained. He said that if two investments presented the same level of liquidity and financial risk, the greenest one would be chosen in accordance with the Council's environmental policies and objectives. He said that all loans obtained by the Council complied with the UN Charter on Ethical Investments. The Chair said that she wanted to see the Council invest in more green bonds.

The Committee asked whether the Council had plans to pay off some of its debt. The Treasury Manager said that the Council was earning 4.5 per cent more than it was paying on its historic debt for long-term capital projects. He said that Public Works Loan Board (PWLB) loans could be repaid early but that it would not be financially prudent to do so given that interest rates could rise on any future loans. He said that the capital programme was forecast to increase over the next 3-4 years to up to £600 million but that cash balances were forecast to go down over the same period, so the Council had no plans to pay off some of its debt.

The Committee asked if council tax could be reduced given that the Council was earning money on its debt. The Treasury Manager said that funds were borrowed to finance the Council's capital programme, unlike council tax, which was for revenue spending. The Cabinet Member for Finance, Property and Transformation said that the government expected the Council to raise the maximum level of council tax and made any grants subject to that requirement, so it was not going to be reduced.

The Committee asked what the Council was doing to ensure that government put money towards negative Dedicated Schools Grant (DSG) balances relating to High Needs. The Head of Corporate Finance said that the Executive Director of Resources and Section 151 Officer was working with other local authorities to lobby government and highlight the risk that DSG balances posed to councils' financial resilience. The Chair said that she expected DSG balances to be discussed further by the Committee in its November meeting.

The Treasury Manager said that he would take a question about the cost to the Council of managing existing funds away for a fuller response.

The Chair thanked the Treasury Manager for the report, for his work and that of his team.

RESOLVED to note the Council's treasury management activity at the end of the first quarter of 2025/26.

68/25 INTERNAL AUDIT 2025/26 - PROGRESS REPORT

(Agenda No. 7)

The audit team introduced the report. In response to a question, they confirmed that there were no outstanding management actions that caused them concern.

The Committee expressed concern that the Council did not have an IT disaster recovery plan. The audit team said that management had already agreed to address all issues identified and that there were no Priority 1 management actions; the IT Disaster Recovery Audit was amber, not red. They added that if the AWG wanted to examine the issue, they should wait until management had had time to respond.

The Committee also expressed concern about the systems in place for the recording and monitoring of Freedom of Information (FOI) requests. The Chair said that she was concerned that there was no consistent process within the Council for sharing information on trends/themes and lessons learned. The audit team said that they would report back on this issue and that it could be scrutinised by the AWG.

The Committee expressed concern, thirdly, about the cost the Council of the Didcot Garden Town Housing Infrastructure Fund (HIF1). The Director of Law and Governance and Monitoring Officer assured the Committee that the contractual agreements and overall projected cost was already established. The Chief Executive Officer said that in terms of litigation, the Council had the most experienced technical advisors on value engineering linked to homes in England, on the HIF1 project. He said that he met weekly with the Director of Environment and Highways to discuss risk around future contractual work relating to HIF1 and its cost to the Council.

The Committee asked more broadly about how serious risks were managed. The Director of Law and Governance and Monitoring Officer said that relevant directors received the outcome of all audits. The Chair said that she was assured by the Chief Internal Auditor that senior management and the Chief Executive were kept well informed of risks to the Council

The Committee asked the auditors to ensure that they defined all terms and acronyms in future reports and made it clear when actions were started, in process, or resolved. The audit team indicated that they would be happy to do so.

The audit team also said that they would circulate definitions of Priority 1 and Priority 2 management actions to the new members of the Committee.

The Chair thanked the audit team for their work and members for their questions.

RESOLVED to note the progress with the 2025/26 Internal Audit Plan and the outcome of the completed audits.

69/25 ERNST & YOUNG EXTERNAL AUDIT UPDATE

(Agenda No. 8)

The external auditor updated the Committee, firstly, with respect to the Pension Fund. He said that the audit for 2023-24 was now complete and that there were no significant issues to bring to the Committee's attention. He said that one adjustment had to be made to the Council's financial statements; however, this adjustment was because information around the value of the fund's assets was now more accurate than at the time of the initial valuation.

The external auditor updated the Committee, secondly, with respect to the County Council's Audit for 2023-24. He said that this was still in progress and that amendments would have to be made to the draft financial statements to disclosures in relation to the International Financial Reporting Standard (IFRS) 16. He said the Committee would be updated with respect to this at the next meeting.

The Chair thanked the external auditor for the work that he and his team were doing.

70/25 MONITORING OFFICER ANNUAL REPORT, 2024-25

(Agenda No. 9)

The Director of Law and Governance and Monitoring Officer introduced the report. She said that she would further circulate:

- Details of the outcomes of the 725 complaints received by the Council in relation to Children Social Care, Adult Social Care and Corporate in 2024-25
- A figure for how many individual members of the public engaged with Council, Cabinet and Committee meetings in 2024-25
- Details of how many officers were involved in dealing with complaints and FOI requests throughout the year

The Committee asked whether Artificial Intelligence was used to respond to subject access requests. The Monitoring Officer said that the Council used Microsoft Copilot to facilitate its work but that in relation to subject access requests, officers were still required to ensure that sensitive information was not leaving the organisation.

The Committee expressed an interest in reviving the Constitution Working Group (CWG) from December 2025, for discussion under Item 14 on the agenda. The Monitoring Officer stressed that a successful group would require cross-party engagement. The Chair said that recommendations made by any CWG should be considered by the Committee before going to Council.

The Committee asked about the Code of Conduct consultation, which ran until 26 February 2025. The Monitoring Officer said that the Council was still waiting for details of the outcome of this. In response to a further question, she said that the Council's existing Code of Conduct was satisfactory; the consultation was about themes experienced across the country.

The Committee, in continuing the conversation about councillors' conduct, referred to an MPs' loss of office in the event of criminal conviction and suggested that the same procedure could be extended to county councillors. The Monitoring Officer stressed that everyone at the Council had a role to play in maintaining standards of conduct.

The Chair thanked the Director of Law and Governance and Monitoring Officer for the report and members for their questions.

RESOLVED to endorse the Monitoring Officer's annual report for 2024-25.

71/25 RIPA POLICY

(Agenda No. 10)

The Head of Prevention, Protection and Trading Standards introduced the report. He said that there had been no changes to the Regulation of Investigatory Powers Act Policy and that the Council had not deployed investigatory powers over the last year.

The Committee asked for a line to be inserted to the Flow Chart of Authorisation Procedures and Considerations for Covert Surveillance (Appendix 2 to the report) to make it clear that no activity should be entered into by the Council without a magistrates' prior approval.

The Chair thanked the Head of Prevention, Protection and Trading Standards for his work and the work of his team and encouraged members of the Committee to engage with it in the future.

RESOLVED to note the Policy for Compliance with the Investigation of Regulatory Powers Act 2000 and the use of activities within the scope of the Regulation of Investigatory Powers Act by the Council.

72/25 ASSESSMENT OF THE COUNCIL'S FINANCIAL MANAGEMENT, CONTROLS & GOVERNANCE

(Agenda No. 11)

The Head of Corporate Finance introduced the report.

The Committee noted the Council's rising expenditure. The Cabinet Member for Finance, Property and Transformation said that the government was aware of the financial pressures faced by the Council; however, other Councils found themselves in a worse position.

The Committee asked about the impact that financial management of other councils would have on plans for Local Government Reorganisation (LGR). The Head of Corporate Finance said that she would take this question away.

The Committee asked what the plan was should the government fail to cover the High Needs DSG Block cumulative deficit. The officer said that intervention from the government was essential for this to be sustainable in the future; however, borrowing was an option; the Council could use the £4 million contributed to the Demographic Risk Reserve each year to cover some of the cost.

Finally, the Committee asked what the payback time was for Exceptional Financial Support (EFS). The Head of Corporate Finance said that she would take this question away. The Treasury Manager said that it was 1 per cent more expensive to borrow from EFS compared to normal PWLB borrowing.

The Chair thanked the Head of Corporate Finance for the report. She said that she expected the Committee to return to the Council's financial management, controls and governance, possibly in November.

RESOLVED to note the report.

73/25 FINANCIAL REGULATIONS UPDATE

(Agenda No. 12)

The Head of Corporate Finance introduced the report.

The Committee asked when the limit for Cabinet approval for new inclusions and variations to capital schemes from £1.0m was decided. The officer said that she did not know the exact date but that it had been reviewed when the constitution was last updated to account for inflation. In response to a further question, she said that that limit equally applied to revenue expenditure.

The Chair proposed an additional recommendation; namely, that any funding approved, in exceptional circumstances, by the Executive Director of Resources and Section 151 Officer should be reported to the Cabinet Member for Finance, Property and Transformation and to the Leader of the Council.

The Chair thanked the Head of Corporate Finance for the report.

RESOLED to recommend that Council:

- a) **approve amendments to Section 5 of the Financial Regulations increasing the limit for Cabinet approval for new inclusions and variations to capital schemes from £1.0m to £2.0m to align with the key decision threshold of £2m;**
- b) **approve that in exceptional circumstances up to £0.500m funding for exploratory feasibility works can be approved by the Executive Director of Resources and Section 151 Officer (following discussion and recommendation at, and with the support of the Strategic Capital and Commercial Board); and**
- c) **approve that any such funding approved in exceptional circumstances up to £0.500m, as in recommendation b, be reported to the Cabinet Member for Finance and the Leader of the Council for additional oversight.**

74/25 APPOINTMENTS TO OUTSIDE BODIES

(Agenda No. 13)

The Committee approved the following appointments to Category B Outside Bodies:

- a) South East Reserve Forces' and Cadets' Association – Councillor Robin Jones
- b) Oxfordshire Buildings Trust – Councillor Ian Middleton and Councillor Roz Smith

75/25 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

(Agenda No. 14)

The Committee agreed to include the CWG on the agenda for the meeting on 26 November. The Chair asked members to consider putting themselves forward for this and to find out if members in their political group who were not on the Committee were interested in sitting on such a group, before the November meeting.

The Committee discussed including LGR on the programme for 2025-26. The Director of Law and Governance and Monitoring Officer said that the decision about the shape of LGR in Oxfordshire was not within the scope of the Committee, which dealt with assurance of governance matters.

The Committee agreed to cancel the AWG meeting scheduled for 22 October.

RESOLVED to note the updated work programme for 2025-26.

..... in the Chair

Date of signing