

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 8 May 2024 commencing at 2.00 pm and finishing at 4.06 pm

Present:

Voting Members: Councillor Roz Smith – in the Chair
Councillor Brad Baines (Deputy Chair)
Councillor Ted Fenton
Councillor Jenny Hannaby
Councillor Nick Leverton
Councillor Glynis Phillips
Councillor Alison Rooke

Other Members in Attendance: Councillor Dan Levy

By Invitation: Dr Geoff Jones

Officers:

Whole of meeting Lorna Baxter (Executive Director Resources), Anita Bradley (Director of Law and Governance and Monitoring Officer), Sarah Cox (Chief Internal Auditor), Sam Egerton (Principal Auditor), Katherine Kitashima (Audit Manager) and Shilpa Manek (Senior Democratic Services Officer)

Part of meeting Adrian Balmer (Ernst and Young), Kalthiemah Abrahams (Ernst and Young), Stephen Reid (Ernst and Young)

Agenda Item Officer Attending

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with [a schedule of addenda tabled at the meeting

31/24 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies for absence were received from Councillors Champken-Woods and Middleton. Councillor Alison Rooke was substituting for Councillor Middleton.

The Chair informed the Committee that Councillor Richard Webber had resigned as a Councillor.

32/24 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

Councillor Brad Baines declared a personal interest for Item 5 as he is Chair of Governors at Primary School 1.

33/24 MINUTES

(Agenda No. 3)

RESOLVED: that the minutes of 13 March 2024 were approved by the Committee as an accurate record and all actions had been completed or were in the process of being completed.

34/24 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no petitions or requests of public address received.

35/24 CHIEF INTERNAL AUDITOR'S ANNUAL REPORT

(Agenda No. 5)

Sarah Cox, Chief Internal Auditor, presented the report to the Committee.

The report summarised the work that had been completed to form the opinion and contained how the opinion had been reached. The Chief Internal Auditor was very positive for delivering an opinion that was Satisfactory, which was a good position for the Council in terms of arrangements of governance and risk management and control. The opinion was delivered without any interference and independently.

On staffing, a senior auditor had been successfully recruited and would be in post on 4 June 2024. Interviews had been carried out for the audit apprentice. There had been over 100 applications and some very strong candidates, helping to continue with the grow-your-own strategy. The Principal Audit Officer, Sam Egerton was introduced to the Committee.

The Chief Internal Auditor reported that the Internal Audit Plan 2023/24 had been delivered with thanks to Sam Egerton and Katherine Kitashima.

One of the key parts of the opinion that had been delivered was around the IBC Partnership with Hampshire, both delivered the key financial systems. They provided an assurance report each year, but this had not been received yet, however, there were no significant risks highlighted.

During 2023/24, there had been three red reports. All three reports had been received well and robust action plans were in place with good progress being made already to implement actions. The Committee could decide if any of the internal audit reports required a deep dive at the Audit Working Group.

The Committee raised the following points:

- A deep dive would be interesting to understand the Payments to Providers and the Purchasing Cards audit reports, once they had progressed.
- There were no specific trends over the years for red reports, they were isolated areas that required further work. The reports were classed by the Team, who looked at all the reports for consistency. There were no concerns for the Chief Internal Auditor.
- With respect to KPIs, the implementation rate was 86.7%, which was very good.
- The Committee was concerned that the IBC report had still not been received.
- The reception of the audit reports had definitely improved over the years and was now taken seriously by Managers.
- It would be interesting to see the Supported Transport and the Legal Cases audit reports at the Audit Working Group to understand the actions further.
- The audits were sometimes on request but mainly from a regular to-do list to follow better compliance.
- Good reassurance was given to the Committee that the correct internal audits were being carried out and the quality of them was very good, picking up on areas that needed to be improved. The Team was thanked.
- As an organisation, improvements were still required, such as breaking the silos and working more together.
- There were significant measures required for contracts, so these were being further improved.

ACTION: Audit Working Group to carry out a deep dive, at future meetings and on the advice of the Chief Internal Auditor, for the following internal Audit reports:

- **Payments to Providers**
- **Purchasing Cards**
- **Supported Transport**
- **Legal Cases**

RESOLVED: that the Audit and Governance Committee considered and endorsed the Chief Internal Auditors Annual Report.

36/24 INTERNAL AUDIT STRATEGY & PLAN 2024/25

(Agenda No. 6)

The report was presented to the Committee by the Chief Internal Auditor, Sarah Cox. This was the Plan, looking ahead for 2024/25. It had already been reported that the Team were now in a good position with recruitment. It was reported that no changes had been made to the Performance Indicators in Appendix 1, from last year in terms of how the performance was going to be managed. However, the reports presented to the Committee would be more evenly spread over September, December, and May. This was a target for the Team. Appendix 2 was the Internal Audit Plan ahead. This had been work in progress, consulting with Teams across the organisation before it was signed off and Appendix 3 was the structure charts for Internal Audit and Counter Fraud Teams. The Committee were informed that a separate Counter Fraud Plan would be presented at the July meeting.

The Committee made the following points:

- There were currently 32 planned audits scheduled but these were subject to change.
- Some internal audits were completed by an external firm.
- The reference in the report to 'cross-cutting' referred to across all directorates in the services to provide assurance.
- To date, the benefit seen from social value was a lot to do with employment, using contracts to use a local workforce or apprenticeships used in the contracting provisions. It was a requirement and there was a potential risk of increasing costs, but this had not been seen yet.
- The structure and governance would be looked at first with respect to the Transformation Programme. This was a critical piece of work. This had not been scoped yet, staff were being kept informed by the all-staff updates every other week. Staff engagement was really important.
- The home to assess piece of work was being carried out as the Director and Deputy Director were very keen to make sure all the processes were running well and effectively.
- Could the social value be added to the narrative for the property investments and facilities management and to look at local contractors for the property agenda. It was important to highlight this point as it would help with recruitment and retention. This audit was currently being scoped and therefore could be considered. The social value would also be considered further when the policy was looked at.
- The social value was well articulated in the procurement strategy but not so well in the property strategy.
- The Highway Maintenance contract was a new one and it was key to ensure that all controls and processes were in place, by working with Officers to ensure that processes and controls were effective. The work would continue into next year to ensure that the processes were working.

ACTION: Keep Committee briefed on the progress of the Highways Maintenance Contract

- The Committee would be presented more indicative timescales at the September meeting.
- The Conflicts of Interests Audit was put in by the Monitoring Officer and would be across the organisation, it was not for Members. The Policy was in place, so this was to see if the understanding was there for staff and to get assurance.
- The Delivery of the Savings and Investments Audit was still being considered, but it would be across services and drilling down to understand how assumptions were made and then looking at delivery and how decisions were made, right through to the monitoring end. It was commented that a timely start would assist for the budget planning.

RESOLVED: that the Committee commented and noted the Internal Audit Strategy and the Internal Audit Plan for 2024/25.

37/24 AUDIT WORKING GROUP UPDATE

(Agenda No. 7)

The Chair made the following comments under the item that the Committee were required to consider and agree:

- Cancellation of the Audit Working Group on 22 May as there were no items of business.
- To agree the Members of the Audit Working Group and the substitutes for 2024/25.
- To agree items for the 2024/25 Forward Plan.

The Chief Internal Auditor, Sarah Cox, presented the report to the Committee.

The following Members wanted to be Members of the Audit Working Group, Councillors Smith, Hannaby, Baines, Champken-Woods and Councillors Fenton, Leveton and Phillips would be substitutes. It was pointed out that any Member of the Audit and Governance Committee could attend the Audit Working Group.

The Committee agreed the following items for the Forward Plan for the Audit Working Group:

- Proactive Review of Purchasing Cards – July 2024
- Adult Payments to Providers 23/24 – July 2024
- Health Funded Payments 23/24 – July 2024
- Local Transport and connectivity Plan 23/24 – suggest to the Place Scrutiny Committee to carry out a deep dive.
- Supported Transport 23/24 – September 2024
- Legal Case Management 23/24 – September 2024

RESOLVED: that the Audit and Governance Committee noted the report.

38/24 2022/23 OXFORDSHIRE PENSION FUND PROVISIONAL AUDIT RESULTS REPORT

(Agenda No. 8)

The report was presented to the Committee by Kalthiemah Abrahams. It was reported that there had been no audit scope update, and therefore the audits had been carried out as per the Audit Plan that had been agreed. It was reported that all audits had been substantially completed. Of the items still outstanding that were reported in the report, the Level 3 testing had now been completed and reviewed. It was reported that there were no audit differences so there was no impact on the Fund account or the net account statements. All the work had been completed.

The Chair requested that for future reports, could the Committee receive only the text, and no photos or colour images. This would save on resources.

Members of the Committee were satisfied with the update.

RESOLVED: that the Audit and Governance Committee noted the update from EY.

39/24 OXFORDSHIRE COUNTY COUNCIL PROVISIONAL AUDIT PLANNING REPORT YEAR ENDING 31 MARCH 2024

(Agenda No. 9)

The report was presented to the Committee by Stephen Reid, EY. Stephen Reid is the Audit Engagement Partner and was taking over from Maria Grindley for the 2023/24 audits.

The report summarised the 2023 intended report for the 2023/24 audit of the Council and had been prepared from prior knowledge of the organisation, together with completed planning procedures and discussions with management.

The following points were highlighted to the Committee:

- EY were still awaiting on the outcome of the consultation exercise of the backlog and the impacts on the audit strategy.
- EY were also expecting the NAO and FRC to issue guidance, both on the reset and on the recovery, both of which may impact the 2023/24 audit.
- The Value for Money (VfM) work was still ongoing and could be reported to the Committee at a future meeting.
- EY would probably be seeking additional fees for the additional work as a result of the risk assessments.

The Committee made the following comments:

- The Auditors were looking into IFRS and were informed that the Council had been prepared for IFRS for the last two years, so that should not be an issue for auditors.
- The Committee was concerned about having a disclaimer opinion on 2022/23 accounts as a result of EY not being able to carry out the audits in time. Was it possible to know what the disclaimer would read as the authority had received many years of clean opinion and this was now not going to be the case due to no fault of its own and there was going to be an extra cost as it could not be validated.
- There was currently no additional information on the disclaimer as no information or guidance had been issued by the FRC or the NAO. With respect to the government decision to reset the system, this was a system-wide issue for the 2017/18, 2018/19 accounts and the review that contributed to the current position which the whole system finds itself in now. There were still around 640 opinions outstanding across local government in England but this was an improvement from the last count, when there was 900+ opinions outstanding. The backstop date of the end of September 2024 for the 2022/23 accounts, it was anticipated that a large number of disclaimers would be completed.
- The Value of Money reporting would continue for all years.
- The frustration of the Committee was recognised by EY, Stephen Reid explained to the Committee that he had issued two letters to all audit clients clearly focussing on the transparency decisions to meet the objectives. The Minister's letter of July 2023 which identified to seek to maximise assurance for the system and for auditors to get onto the most recent financial year, EY clarified that these

would identify all audits that were almost completed and complete those, identify all Pension Fund audits and the resources required, focus on Value for Money reporting and finally allocate resources to the 2023/24 audits with a view to support the recovery of the system and ensure that no contagion effect fell on the NHS and education.

- The ICB would respond initially within 10 working days for all audit enquiries. This was the same too for Hampshire and the south. Hampshire did not need responses in a non-critical way.

RESOLVED: that the Committee noted the report.

Adrian Balmer, Senior Management, EY, provided the Committee with a verbal update on the VfM arrangements for 2023/24. The VfM work was currently being concluded and had progressed very well. A formal report would be presented to the Committee at the July 2024 meeting.

40/24 REVIEW OF THE AGS - PROGRESS ON ACTIONS

(Agenda No. 10)

The report was presented to the Committee by Anita Bradley, Director of Law and Governance and the Monitoring Officer, who made the following points:

- A significant amount of work had been carried out on the Scheme of Delegation and this would be approved by Annual Council on 21 May 2024.
- In relation to the HR Policies that were being reviewed, the work was still ongoing.
- Some new legislation had come into force from 1 April 2024, and these would be taken on board as well as the new carers allowance for time off.
- The work had been undertaken on the Governance Policies and were with the Monitoring Officer to take on board any lessons learnt.
- There was no formal programme of training for Members. Any information was being given to Members through briefings. The Committee were asked if they wanted any more training. Members felt that some Code of Conduct training would be very helpful.

ACTION: Monitoring Officer to take note and arrange

- It would be very beneficial for Members to be involved in the preparation for the Induction training and Induction Pack.
- Would the Committee want to make a recommendation to Full Council for mandatory training. The issue with this was that there were no sanctions for not completing.
- If mandatory training was recommended, cyber security would be worth including.
- a lot of work had been done on key decisions.
- The Whistleblowing Policy had been approved and the training was being designed.

- The customer feedback was very helpful as was the guidance for staff in dealing with queries.

RESOLVED: that the Committee received the update on the actions from the AGS 2022/23 and made comments upon them.

41/24 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

(Agenda No. 11)

The following points were made by the Committee:

- the July meeting to begin at 1pm due to the number of items.
- to update names of EY colleagues.
- remove item 9 and move to September 2024.
- the AGC would like to see training sessions on Risk Management, Internal Audit and Counter Fraud and Treasury Management. These would be one hour before the AGC meetings for 45 minutes to allow for a 15 minutes comfort break. The training to be offered to all Members, run as hybrid meetings and recorded for Members who could not attend.

RESOLVED: that the AGC considered and commented on the AGC forward work programme.

..... in the Chair

Date of signing