

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 16 September 2020 commencing at 1.00 pm and finishing at 3.40 pm

### Present:

**Voting Members:** Councillor Nick Carter – in the Chair  
Councillor Tony Ilott (Deputy Chairman)  
Councillor Paul Buckley  
Councillor Dr Simon Clarke  
Councillor Charles Mathew  
Councillor D. McIlveen  
Councillor Glynis Phillips  
Councillor Roz Smith

**Non-voting Members** Dr Geoff Jones

**By Invitation:** Janet Dawson and Adrian Balmer, Ernst & Young

### Officers:

Whole of meeting Sarah Cox, Chief Internal Auditor; Steve Jordan, Corporate Director Commercial Development, Assets and Investment; Glenn Watson, Principal Governance Officer; Lorna Baxter, Director for Finance; Lucy Tyrrell, Committee Officer

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
5	Richard Webb, Assistant Director of Regulatory Service
8	Tessa Clayton, Audit Manager
12	George Eleftheriou, Director for Property, Investment and Facilities Management

*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] [the following additional documents:] 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.*

## 36/20 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

There were no apologies for absence.

Councillor Jeanette Matelot advised she will continue to attend the Committee on a temporary basis.

### **37/20 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE**

(Agenda No. 2)

There were no declarations of interest.

### **38/20 MINUTES**

(Agenda No. 3)

The minutes of 16 September 2020 were agreed. Councillor Nick Carter advised, as agreed with Democratic Services, that minutes are formally approved and held to be signed at a later date.

Item 27/20 – Councillor Roz Smith questioned if the any further changes had been made to the Statement of Accounts 2019/20? Lorna Baxter confirmed that the external audit is currently being undertaken and no changes identified at this stage.

Item 31/20 – Glenn Watson advised that there is another stage in the consultation of the Model Member Code of Conduct. The LGA are hosting a webinar that will provide further information, close the consultation and issue a report, of which Glenn Watson advised he will be attending.

### **39/20 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

None received.

### **40/20 SURVEILLANCE COMMISSIONER'S INSPECTION AND REGULATION OF INVESTIGATORY POWERS ACT**

(Agenda No. 5)

The Committee had before it the report which highlighted the Regulation of Investigatory Powers Act 2000 which creates a framework within which public bodies can lawfully carry out covert activities. The report also included a policy document in Annex 1 identifying changes to the Policy for Compliance with the Regulation of Investigatory Powers Act 2000 for the Committee to consider.

Richard Webb, Assistant Director of Regulatory Service in introducing the report, highlighted the following:

- As part of the legislative regime, the Office of Surveillance Commissioners inspected our policies, procedures, operations and administration in May 2017. All actions from this inspection have been completed and included in the 2018 annual report to this Committee.
- Between April 2019 and March 2020, the Council authorised covert surveillance on 7 occasions, the same as the previous year.
- Other authorisations under the Act related to age related products, e.g. tobacco and alcohol, however the main focus has been on the sale of knives to persons under the age of 18. The data identifies a worrying proportion of

traders who sell knives to persons under the age of 18, so will continue with this area of work and consider if criminal action should be involved.

- The policy has been improved following observations from the inspection and review by Oxfordshire County Council's Head of Legal, and a revised version will be circulated to the Committee once this has been concluded.

Richard Webb responded to points raised by members of the Committee as follows:

- RIPA does not stray across working practices that exist in the Council's normal operations around briefing members. If there is a gap and there are members not informed, this should be addressed elsewhere.
- It would be the responsibility of the service area to notify Councillors of any potential damage to reputation in their service, and covert surveillance would not normally be requested in a situation that required police involvement.
- Outcomes of investigations are provided to Councillors; however, these are not provided during an ongoing investigation.
- Volunteers are not paid, as government advice is that it is inappropriate and incentivise to seek a particular outcome.
- No applications to the magistrate have been turned down in the year reported.

**RESOLVED to:**

- (a) Consider and note the use of activities within the scope of the Regulation of Investigatory Powers Act by the Council, and**
- (b) Note the Policy document at Annex 1 and to comment on any changes to the Policy for Compliance with the Regulation of Investigatory Powers Act 2020 that the Committee would wish the Monitoring Officer to consider.**

## **41/20 LOCAL GOVERNMENT OMBUDSMAN'S REVIEW OF OXFORDSHIRE COUNCIL**

(Agenda No. 6)

Steve Jorden, Interim Monitoring Officer and Corporate Director of Commercial Development, Assets and Investment introduced the annual review report produced each year by the Local Government and Social Care Ombudsman (LGSCO) which relates to complaints made to the LGSCO about the Council in the previous financial year.

Glenn Watson, Principal Governance Officer responded to Members queries as follows:

- There has been an increase in upheld complaints, however there are overall fewer complaints through our own processes. 97% were satisfactorily completed and not taken further to the Ombudsman.
- Fewer complaints were made to the LGSCO, and of the 21 that were considered, 16 were upheld which is an increase from the previous year.
- The Council has engaged constructively with the Ombudsman to ensure complaints are brought to satisfactory conclusion and this has been noted within the report and actions provided from the Ombudsman.
- Complaints are handled via a two-stage process, with the second stage requiring sign off supported by a Manager to comply with the Officer's decision, thereby at Director level rather than Officer level.

- This report is an overview which highlights some updating of our processes and procedures, this is currently being addressed through our transformation programme.

Councillor Glynnis Phillips commented that financial redress figures had been provided for one case set out in Annex 2, and although appreciated that detailed financial information cannot be included for each case, would request that the total amount paid out be included in the narrative on an annual basis.

**RESOLVED to note and comment on this report and on the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2019/20.**

## **42/20 MONITORING OFFICER ANNUAL REPORT**

(Agenda No. 7)

Steve Jorden, Interim Monitoring Officer and Corporate Director of Commercial Development, Assets and Investment introduced the report which demonstrates the Council's expectation that high standards of conduct will continue to be promoted and maintained among elected councillors and co-opted members. This report was originated by the previous Head of Legal Services and Monitoring Officer, Nick Graham, and finalised by Steve Jorden as Interim Monitoring Officer.

Glenn Watson, Principal Governance Officer, responded to Members queries as follows:

- The report sets out the ethical and democratic arrangements and how activities have impinged on governance.
- The Council has strengthened its pool of independent persons to review complaints, and following a recruitment exercise, two appointments were made.
- Annex 1 shows the number and reason for closed sessions whereby the public are excluded from whole or part of a meeting, and this is recorded, along with the reasons thereof, to demonstrate transparency.
- The report includes the number and nature of complaints of breaches of the code and advised that these are mainly around the use of social media. This has already been addressed by this Committee and a working group established to look at best practice, the results of which will be forthcoming.

Councillor Nick Carter requested that for future reports, could a comparison of previous years closed sessions be presented in order to provide some context to this information. Steve Jorden agreed that this would be valuable information for both Councillors and the Monitoring Officer in order to determine any trends.

**RESOLVED to consider and endorse the report.**

## **43/20 COUNTER-FRAUD PLAN 2020/21**

(Agenda No. 8)

Tessa Clayton, Audit Manager introduced the report which presents the Counter Fraud Strategy and Plan for 2020/21 and a summary of activity from 2019/20. The plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the

Council has in place proportionate and effective resources and controls to prevent and detect fraud as well as investigate those matter that do arise. Annex 1 contained the full 2019/20 plan agreed a year ago and an update on activity.

Tessa Clayton, Sarah Cox and Lorna Baxter responded to Members queries as follows:

- The joint working opportunities across OCC and CDC for counter-fraud is exploratory at this stage and would be focusing on council benefits and council tax reductions. An update will be provided to the November meeting along with any potential models.
- Regarding Adult Social Care actions in Appendix 1 of the Counter-Fraud Plan, reviewing whether improved mechanisms for referral and acceptance of financial abuse cases to the Police can be implemented, this is ongoing with no end date determined as we continue to build strong relationships with Thames Valley Police to discuss these cases which will take time to establish this year.
- Joint working with Oxford City Council will continue, however as this has been resourced internally with the secondment post from Trading Standards, will look at delivery going forward and come back in November with an update on joint working opportunities.
- Section 3 of Appendix 1 highlights the fraud risk mapping of blue badge and review of blue badge annual exercise performed with OIS to identify any areas for improvement is partially complete, and are looking to Portsmouth Council for areas of good practice and will be able to report back on this.

Dr Geoff Jones commented on the use of test purchases and asked if this could be carried out for blue badges? Tessa Clayton advised that this can be carried out for enforcement exercises. Councillor Nick Carter requested that Mark Peet, Customer Service Manager present an update to the Committee on blue badges. Sarah Cox agreed that it would be advantageous to work with Customer Services, to develop a proportionate approach to the risk on this.

**RESOLVED to:**

**(a) Note the summary of activity from 2019/20.**

**(b) Comment and note the Counter Fraud Strategy and Plan for 2020/21.**

## **44/20 INTERNAL AUDIT PLAN - PROGRESS REPORT**

(Agenda No. 9)

Sarah Cox introduced the report which provides an update on the Internal Audit Service, including resources, completed and planned audit.

Sarah Cox informed Members that the SEND report, graded as red, has been reviewed by the Audit Working Group and is due to be presented at the February Committee meeting. Dr Geoff Jones commented that one concern raised by the Group was the number of action points dated for 31 December 2020 and had requested that these be reviewed, and a more realistic action plan be brought to the next update.

Councillor Nick Carter commented that although the IT Disaster Recovery Planning audit is amber, there are no priority one actions against this. Sarah Cox responded that a number of these actions have since become due and have been implemented, therefore are on track for implementation. It is unlikely that this item will come back to this Committee, however, will continue to be monitored by the team.

Councillor Nick Carter questioned if there would be any opportunities for an apprenticeship scheme for the post of Assistant Auditor currently outstanding? Sarah Cox informed the Committee that this is being investigated, however as internal audit is a new approach and the apprenticeship model is also quite new, further research is being carried.

**RESOLVED to note the progress with the 20/21 Internal Audit Plan and the outcome of the completed audits.**

#### **45/20 ERNST & YOUNG - 2019/20 ANNUAL AUDIT LETTER**

(Agenda No. 10)

Janet Dawson presented a verbal update to the Committee on the Oxfordshire County Council Draft Audit Report, highlighting the following:

- Delays due to COVID-19 had altered the national timescales, and the deadline for final auditing of the accounts is 30 November 2020.
- There is a national process taking place to determine the outcomes of the McCloud issues, these issues are around the audit process and not of the Council's making, however this will be concluded within the next couple of weeks.
- Our specialists are currently working with Carter Jonas with regards to the valuation of property and equipment, however due to markets moving again, there is less uncertainty for the Council.

Adrian Balmer gave a verbal update on the Oxfordshire Pension Fund 2020/21 advising that the audit is substantially complete, with no concerns raised over any aspects of the work. He further advised that the pension fund would report into the main audit, to be signed off at the November Committee meeting, and responded to Members queries as follows:

- The impact on our statement from the issues with McCloud are dependent on the accounting treatment and interpretation thereof. The expectation is that it is not material, but actuarial assessment is required for comparison with pension specialists. Other actuaries have identified no impact; however, those of the Council have to be considered.
- Comparable accounts are determined formally and informally as the going concern is a heightened risk to auditors. Internal consultation requirements ensure that all opinions are considered around the going concern and are required to be signed off.
- The pressures of local authority finance and is a useful tool we use as part of our conclusion and assessment and where it sits against comparable models.

## **46/20 AUDIT WORKING GROUP REPORT**

(Agenda No. 11)

Sarah Cox presented the report which outlines the matters considered by the Audit Working Group meeting of 9 September 2020 and no comments or queries were received from Members.

**RESOLVED to note the report.**

## **47/20 EXEMPT ITEM**

(Agenda No. 12)

**RESOLVED:** *that the public be excluded for the duration of item 13 (since it is likely that if they were present during that item there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified below in relation to that item and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information on the grounds set out in that item.*

**A SUMMARY OF THE PROCEEDINGS FOLLOWING THE WITHDRAWAL OF THE PRESS AND PUBLIC IS GIVEN BELOW:**

## **48/20 CARILLION UPDATE**

(Agenda No. 13)

*The information in this case is exempt in that it falls within the following prescribed categories:*

*3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)*

*and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that a negotiation is ongoing and would prejudice the position of the authority in the process of that negotiation and the Council's standing generally in relation to such matters in future, to the detriment of the Council's ability properly to discharge its fiduciary and other duties as a public authority*

Steve Jorden, Corporate Director of Commercial Development, Assets and Investment introduced the report which updated the Committee on the latest position and the agreed final settlement sum on all claims for this item.

George Eleftheriou, Director for Property, Investment and Facilities Management responded to Member's questions as follows:

- A settlement agreement has been reached and will be finalised in a couple of weeks.
- Funding has been allocated to rectify all outstanding contracts.
- 95% of the cases concern schools, and information on individual schools affected will be forwarded to Members.

Councillor Nick Carter commented that it is important for this Committee to be kept up to date with any outstanding issues as divisional Members. George Eleftheriou agreed that he would forward any other updates via this Committee.

**49/20 WORK PROGRAMME**

(Agenda No. 14)

The following changes/additions were agreed:

11 November 2020 – add Carillion update (information item only)

13 January 2020 – Cyber Security

..... in the Chair

Date of signing .....