

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 17 November 2021 commencing at 2.00 pm and finishing at 4.30 pm

**Present:**

**Voting Members:** Councillor Roz Smith – in the Chair

Councillor Brad Baines (Deputy Chair)  
Councillor Donna Ford  
Councillor Nick Leverton  
Councillor Dan Levy  
Councillor Ian Middleton  
Councillor Michael O'Connor  
Councillor Judy Roberts

**Non-voting Members** Dr Geoff Jones

**By Invitation:** Maria Grindley and Adrian Balmer, Ernst & Young

**Officers:**

Whole of meeting Sarah Cox, Chief Internal Auditor; Lorna Baxter, Director of Finance; Anita Bradley, Director of Law & Governance; Glenn Watson, Principal Governance Officer; Lucy Tyrrell, Committee Officer

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
Item 6	Tim Chapple, Treasury Manager
Item 9	Tessa Clayton, Audit Manager
Item 13	Rob MacDougall, Chief Fire Officer

*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.*

### 67/21 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Councillor Jane Murphy attended as substitute for Councillor Ted Fenton.

## **68/21 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE**

(Agenda No. 2)

None received.

## **69/21 MINUTES**

(Agenda No. 3)

The minutes of 17 November 2021 were agreed by the Committee as an accurate record of the meeting.

The following actions were noted:

- Item 61/21 – Anita Bradley, Director of Law and Governance advised that the comments regarding underage volunteers will be inserted into the introduction of the Policy on Compliance with the Regulation of Investigatory Powers Act 2000.
- 62/21 – noted by the Clerk to take forward.

Steve Jorden, Corporate Director for Commercial Development, Assets and Investment updated the Committee on the restructure of the property team at Oxfordshire County Council which was based on three areas requiring development: lengthy job descriptions and Carillion legacy issues, review of working practices and an opportunity for cost savings by introducing efficient working practices. An external company had been employed to undertake the initial consultation, now in its discovery phase, following consultation with CEDR, staff across both councils and trade unions. Acknowledged that this has been a challenging time for staff with difficult decisions made in terms of the management structure. However, would like to take the opportunity to introduce the new Director of Joint Property Services and advised that the new structure will go live early next year following the final recruitment process.

In response to questions from the Committee, Steve Jorden advised the following:

- There are similarities between the two councils which enables efficiencies for maintenance contracts.
- A key component of the restructure was to build resilience within the team and ensuring business continuity plans are in place across the councils.
- Where valuations of property are required, a number of external agencies are employed to ensure quality valuations take place.

## **70/21 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

None received.

## **71/21 EXTERNAL AUDITORS - EXTERNAL AUDIT REPORT**

(Agenda No. 5)

Maria Grindley and Adrian Balmer of Ernst & Young presented the following report: Oxfordshire County Council 2020/21 Audit Update Paper which followed the previous report to the September Committee, and provided an update on the outstanding areas of work and key focus.

Maria Grindley and Adrian Balmer responded to questions as follows:

- In respect of the Dedicated Schools Grant Unusable Reserve, the council has made changes in line with recommendations and will await the final set of financial statements to ensure this has been carried out.
- The valuation cycle changed from 5 years to 3 years, therefore the values were not previously identified. However, these have now been rectified, with outstanding issues for the previous two periods not valued under that cycle.

The Committee went on to consider the report 'Oxfordshire Pension Fund Audit Results Report year ended 31 March 2021', and Maria Grindley advised that the audit has moved substantially forward and is awaiting sign off alongside the Council audit when it is finalised.

## **72/21 UPDATE ON CLOSURE OF ACCOUNTS 2021/22**

(Agenda No. 6)

Lorna Baxter, Director of Finance, introduced the report which highlighted the two major pieces of work currently underway so that they can be incorporated into the closure of the Council's 2021/22 accounts and provide opening balances on the Balance Sheet as at 1 April 2022.

Lorna Baxter responded to Members' questions as follows:

- Previous IFRS16 preparatory work ensured that any additional assets have been included, and this includes service contracts such as the Order of St Johns.
- Valuation work is outsourced, and valuers have not yet been appointed. This will incur additional audit fees, of which is not known until the external auditors have given an indication of the additional time taken to complete this work, however this is monitored by the PSAA to ensure is an additional reasonable cost.

In response to a query from Cllr Roz Smith, Lorna Baxter confirmed that she will circulate a response to the Committee on the values of the Council's non-current assets. **(ACTION)**.

**RESOLVED to note the content of the report.**

## **73/21 EXTERNAL AUDITOR APPOINTMENTS**

(Agenda No. 7)

Councillors had before them a report from Lorna Baxter, Director of Finance which outlined the appointment of external auditors as per the national auditor appointment arrangements established by the Public Sector Audit Appointments (PSAA), previously opted into by the Council. The report outlines the next appointing period, covering audits for 2023/24 to 2027/28, and all local government bodies are required to decide on the options to either arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or join and take advantage of the national collective scheme administered by the PSAA.

In response to member's questions, Lorna Baxter advised of the following:

- Audit fees have been reduced significantly over the past five years, impacting on auditor's ability to resource and deliver good quality audits.
- Audit Managers are rotated; however, the external auditor could be successful in successive bids.
- No estimated qualitative management of time savings has been included at this stage of the process.

**RESOLVED to recommend to Council to allow Public Sector Audit Appointments (PSAA) to appoint external auditors on behalf of the Council for the period 2023/24 to 2027/28.**

## **74/21 TREASURY MANAGEMENT MID-TERM REVIEW**

(Agenda No. 8)

Tim Chapple, Treasury Manager, introduced the report which covered the treasury management activity for the first six months of 2021/22 in compliance with the CIPFA Code of Practice, and highlighted the following:

- The external debt balance remained at £335.38m on 30 September 2021.
- The average daily balance of temporary surplus cash invested in-house in the six months to 30 September 2021 was £472.76m, compared to a budgeted figure of £428.00m. The rate achieved of 0.48% was below the budgeted rate of 0.58% as set in the strategy, however the budget has been exceeded in cash terms due to higher than forecast balances.
- Forecast returns for externally managed funds for the year are in line with the budgeted figures of £3.81m.
- Link Treasury Services were appointed as the Council's Treasury Management advisors on 1 May 2021 for 3 years following a competitive tendering exercise.

Tim Chapple responded to Members' questions as follows:

- Whilst the budgeted rate of in-house return for the period was lower, the budget has still been exceeded in cash terms due to the higher than forecast balances as the Council took advantage of inter local authority rates which were higher as a result of increased PWLB rates, rather than inter-bank rates which are lower
- Interest rates have been impacted during the pandemic and will remain low, however, would expect interest rates to rise by February 2022
- The external funds have a longer investment horizon as their capital value can fluctuate and are therefore higher risk and would not want to divest away from the investment at a time not suited to the Council.
- The CIPFA consultation on Treasury Management and Prudential Codes ended yesterday, of which we responded and will include a section on ESG as part of the credit risk policy.
- There is a need to balance borrowing at a very low rate now whilst there is still a cost of carry, and potential higher future borrowing rate. Any borrowing is likely to be spread out to balance the risk.

The Committee wished to record their thanks to the Treasury Team in maintaining good rates of return in these difficult times.

**RESOLVED to:**

**a) endorse the report, and**

**b) recommend Council to endorse the Council's Mid-Term Treasury Management Review 2021/22**

**75/21 COUNTER FRAUD UPDATE**

(Agenda No. 9)

Sarah Cox, Chief Internal Auditor introduced the report which presented a summary of activity against the County Fraud Plan for 2021/22 which was previously presented to the July 2021 Audit & Governance Committee. The Plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring the Council has in place proportionate and effective resources and controls to prevent and detect fraud as well as investigate those matters that do arise.

Sarah Cox responded to members' questions as follows:

- Whilst some cases take longer than others, the team monitors all activity weekly.
- The Council currently has 30 joint cases with the police and could not comment on how that compares with other authorities, however, will endeavour to obtain this information for the Committee. **(ACTION)**
- A counter-fraud service is provided for all maintained schools; however this is not offered for non-maintained schools.

In response to an enquiry from Cllr Ian Middleton, Sarah Cox advised that a training session to cover definitions, terminology and more in-depth analysis of current cases will be organised for the Committee. **(ACTION)**

**RESOLVED to note the summary of activity against the Counter Fraud Plan for 2021/22.**

**76/21 CONSTITUTION REVIEW**

(Agenda No. 10)

Anita Bradley, Director of Law & Governance and Monitoring Officer introduced the report which updated the Committee on the commencement of the Working Group to deliver the review and confirmed that the first meeting will take place on 24 November 2021. It had been brought to her attention that members wished the Working Group to have named substitutes, and the recommendation will be changed to reflect this.

In response to a question from Cllr Brad Baines, Anita Bradley confirmed that research for best practices would involve comparing against examples from other local authorities, identified by type of Council structure, and the Centre for Governance Public Scrutiny.

**RESOLVED to note the membership of the Constitution Review Working Group, including named substitutes from each Group, and to receive this update on its establishment.**

## **77/21 ANNUAL GOVERNANCE STATEMENT 2020/21 UPDATE**

(Agenda No. 11)

The Committee had before it a report from Anita Bradley, Director of Law & Governance and Monitoring Officer which updated the Committee on the three particular areas of focus identified for 2021/22 in the action plan.

In response to members' concerns regarding lack of involvement all Members in addition to Cabinet Members at the initialisation of procurement contracts, Anita Bradley agreed to take these comments away and respond via email.

Anita Bradley further advised that the Social Value Strategy is still in the officer domain, and will be presented firstly to CEDR, and then through political channels via the Portfolio Holder, however noted the comments made by members that they wished for increased councillor involvement at this stage.

In response to a query from Cllr Judy Roberts, Anita Bradley informed members that a request for a governance review of the organisation does not sit within this Committee, and would have to be presented to Full Council.

**RESOLVED to receive this update on the actions from the Annual Governance Statement 2020/21 and to make any comment upon them.**

## **78/21 WHISTLEBLOWING POLICY**

(Agenda No. 12)

Anita Bradley, Director of Law & Governance and Monitoring Officer introduced the report which recommends a single Whistleblowing Policy refocusing primarily on employees, councillors and contractors, consistent with the Whistleblowing Commission's Code of Practice.

In response to a comment by Cllr Roz Smith, Anita Bradley confirmed that under the constitution, approval of this policy is taken following consultation with the Leader and Deputy Leader of the Council.

Anita Bradley responded to members' questions as follows:

- The Policy sets out a number of ways to raise concerns, both inside and outside of the organisation and would not act in a punitive manner to those concerns raised appropriately within the policy.
- Legal advice is available to all whistle-blowers should they request it, however, could amend the policy to include a named person of support.
- Anonymous claims are discouraged as they are harder to investigate thoroughly. If matters are referred to the police, it is not always possible for the identity of any whistle-blower not to be made known. However, the independence of the Internal Audit Team seeks to give reassurance to employees coming forward.
- OXLEP have their own whistleblowing policy, as they manage their own financial affairs, and are audited by our Internal Audit Team every two years.

Members wished to include the following additional comments under para a) Annex 3 Whistleblowing protections; to include reference to the Director of Law and Governance or Chief Internal Auditor for further advice regarding whether it is lawful to make a disclosure.

**RESOLVED to**

- a) endorse the Whistleblowing Policy proposed by the Monitoring Officer; and in so doing**
- b) suggest any additional changes to the Monitoring Officer for her consideration as above.**

## **79/21 OFRS STATEMENT OF ASSURANCE**

(Agenda No. 13)

Rob MacDougall, Chief Fire Officer introduced the report, prepared following the Department for Communities and Local Government guidance on statements of assurance for fire and rescue authorities in England, and will be subsequently published on the public website with accessible links to relevant supporting information.

Having already been reviewed by the Audit Working Group, no further comments were received from the Committee.

**RESOLVED to approve the report in its entirety.**

## **80/21 AUDIT WORKING GROUP**

(Agenda No. 14)

Sarah Cox, Chief Internal Auditor introduced the report which summarised the meeting of the Audit Working Group held on 20 October 2021. She advised that on considering item number 21.30 Risk Management Update, including leadership risk register, the Group requested a more detailed review of LR8 Capital Infrastructure Governance Delivery and for officers to be invited to allow questions from the Group at the next meeting, 15 December 2021.

Anita Bradley, Director of Law & Governance and Monitoring Officer updated the Committee on the provision cycle implementation update paper coming to the 5 January Committee and informed Members about the 'living well at home' procurement, where two small clusters of the tender were subject to a second procurement exercise, which would be included in the report to the January meeting.

**RESOLVED to note the report.**

**81/21 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 2021/22**  
(Agenda No. 15)

The following additions were agreed for the 5 January 2022 meeting:

- Provision Cycle Implementation Update (Anita Bradley/Melissa Sage)
- Constitution Review Update (Anita Bradley)

The following additions were agreed for the 16 March 2022 meeting:

- Constitution Review Proposals (Anita Bradley)

..... in the Chair

Date of signing .....