

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 23 November 2022 commencing at 2.00 pm and finishing at 4.16 pm

**Present:**

**Voting Members:** Councillor Brad Baines – in the Chair

Councillor Ted Fenton  
Councillor Nick Leverton  
Councillor Ian Middleton  
Councillor Freddie van Mierlo  
Councillor Michele Paule  
Councillor Judy Roberts  
Councillor John Howson (substituting for Councillor Roz Smith)

**Other Members in Attendance:** Dr Geoff Jones (Co-Opted Member) and Councillor Calum Miller (Cabinet Member for Finance).

**By Invitation:**

**Officers:**

Whole of meeting Lorna Baxter (Director of Finance), Anita Bradley (Director of Law and Governance and Monitoring Officer), Kate Charlton (Interim Head of Legal and Deputy Monitoring Officer), Sarah Cox (Chief Internal Auditor), Jonathan Deacon (Interim Democratic Services Officer) and Simon Harper (Head of Governance).

Part of meeting Jo Bowcock (Deputy Chief Fire Officer), Declan Brolly (Senior Counter Fraud Officer), Tim Chapple (Treasury Manager), Richard Quayle (Chief Accountant) and Natalie Welsh (Apprentice Counter Fraud 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.*

## **28/22 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

Apologies for absence were received from Councillor Roz Smith and Councillor Yvonne Constance. Councillor John Howson substituted for Councillor Smith.

## **29/22 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE**

(Agenda No. 2)

There were none.

## **30/22 MINUTES**

(Agenda No. 3)

The Committee approved the minutes of the meeting held on 21 September 2022 and authorised the Chair to sign them as a correct record.

In respect of the item 'Review of the financial regulations – proposed changes to the capital section' in the September minutes, there had been an action that details of the decision-making structures regarding capital programme approvals would be circulated. It was noted that the relevant officer had been on sick leave for a number of weeks due to an operation and that this action would be taken forward by the Director of Finance.

**ACTION:** That details of the decision-making structures regarding capital programme approvals be circulated (Lorna Baxter)

## **31/22 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

It was noted that local residents had requested to ask questions of the Committee at the current meeting. However, the Monitoring Officer had considered that there was no provision in the Council's Constitution enabling public questions to the Committee. Members of the public were able to either present a Petition to the Committee or address Members providing the subject matter was an item on the agenda. However, in this case the subject matter was not an agenda item for the meeting and so the Monitoring Officer had determined that the question could not be a public address either.

## **32/22 DRAFT STATEMENT OF ACCOUNTS 2021/22**

(Agenda No. 5)

The Committee received a report summarising the status of the audit of the 2021/22 Statement of Accounts and providing the latest position on the Infrastructure Asset issue impacting on both the 2020/21 and the 2021/22 accounts.

Lorna Baxter, Director of Finance, introduced the report. She referred to the accounting issue on infrastructure assets mentioned in the report which was having an impact nationally for highways authorities. It was confirmed that the 2021/22 Statement of Accounts had been published on the Council's website on 23

September. The publication inspection period had finished on 3 November and no notices had been received from the public requesting inspection of the accounts.

It was expected that the 2021/22 audit would commence at the beginning of January and complete in mid March. The infrastructure assets issue was likely to have been resolved by that time so that it was hoped that the 2020/21 accounts would be signed off ahead of March.

The latest position on the infrastructure assets issue was that a consultation had been issued at the beginning of November relating to a temporary statutory override being put in place to resolve the problem in the short term. This was expected to be brought before Parliament at the end of November. There would then be a 21 day period before it was likely to come into effect in December.

The override was expected to be in place until the 2024/25 financial year and significant levels of work were likely to be required. Ms Baxter added that she was a member of the national group that was looking at what would be put in place from when the statutory override ended and she would be able to report to the Committee on what impact that would have as she found out more information.

It was brought to the Committee's attention that a session would be arranged for Members on the Statement of Accounts during December with the Chief Accountant.

**RESOLVED:** That the current status of the Statement of Accounts for both 2020/21 and 2021/22 be **NOTED**.

**ACTION:** A session to be arranged for Members on the Statement of Accounts during December (Richard Quayle).

### **33/22 ANNUAL GOVERNANCE STATEMENT 2021/22 UPDATE**

(Agenda No. 6)

Anita Bradley, Director of Law and Governance, presented the report. The actions in the eight areas identified and set out in the report related to the Annual Governance Statement 2021/22 which had been approved by the Committee in July. Ms Bradley particularly highlighted the following in relation to the actions:

- Directorate Scheme of Delegation: Powers and Financial Powers – they were being reviewed. The Amendments to the Constitution item at the Council meeting on 7 October had reflected the changes to the Senior Leadership Team structure. From that flowed each departmental/directorate scheme of delegation which were all being refreshed. They were lodged with Ms Bradley as the Monitoring Officer. The updated financial delegations being reviewed were expected to be provided to directorates at the end of 2022.
- Cherwell-Oxfordshire Decoupling Programme - all work had been completed, including the Service Level Agreements being agreed, apart from the legal framework of the documentation being finalised.
- Constitution Review – It was recommended that the future work of the Constitution Working Group followed the governance review, which was the subject of a report to Council in December, and also the Electoral Review.

The Council had reviewed the Constitution and was seeking to do so on an annual basis.

- The Capital Programme Governance was comprehensively reviewed.
- Member Code of Conduct Training – One session had been provided to date. More sessions would be scheduled.
- Information Governance Group/Board – There had been a focus on data subject access requests and significant progress had been made.
- Risk Management Training – this had now been undertaken.

In response to points and questions from the Committee, Ms Bradley stated that a quality assurance process was being taken forward by Council officers to ensure that the updated version of the Constitution was reflected on the website. The Council had given Ms Bradley the delegation to make textual amendments to the Constitution to address any inconsistencies or correct any cross-referencing errors arising from or as a consequence of the amendments.

She also advised that there had been a significant increase in the data subject access requests during the Covid Lockdown period both in Oxfordshire and nationally. A large number of the requests were social care related records. Temporary additional resource had been required to handle the backlog of requests which in most cases had to be responded to within a month.

Ms Bradley explained that she would be looking at her delegations following the communications with local residents referred to under the item 'Petitions and Public Address'. This was in order to decide whether there was an inconsistency in terms of the 'Petitions and Public Address' items which were included on Committee agendas which could be amended without the need to consult Council or whether it was a matter which required Council's consent.

**RESOLVED:** That the update on the actions be **NOTED**.

**ACTION:** Anita Bradley to look at her delegations in relation to 'Petitions and Public Address' items on Committee agendas.

## **34/22 ANNUAL WHISTLEBLOWING REPORT**

(Agenda No. 7)

The Audit and Governance Committee received a report which referred to the incidents of Whistleblowing during the 2021-22 financial year. The revised Whistleblowing Policy had been presented to the Committee in November 2021.

Simon Harper, Head of Governance, advised the Committee that there was a requirement to review the Policy each year and that nine incidents of Whistleblowing had been identified in the report during the 2021-22 financial year. A summary of each allegation had been included. The allegations were initially triaged by the Counter Fraud Team and were then forwarded to the service areas as appropriate. Investigations were generally completed in a timely fashion.

Mr Harper and Ms Bradley explained that there was a confidential e-mail address that was available for allegations to be sent to and this was monitored closely by the

Monitoring Officer and Chief Internal Auditor. They would respond effectively to every case that was received. In the current financial year, there had been six Whistleblowing incidents to date.

Members were also advised that not all communications received via the e-mail constituted a Whistleblowing case. There was a due process that needed to be legally followed. The fact that there were cases demonstrated that people knew of the Policy and were willing to raise matters of concern.

In response to the Committee's questions on this topic, Ms Bradley clarified that allegations made anonymously gave organisations discretion as to whether to take the matter forward. As the Monitoring Officer at the Council she would decide whether to investigate. It would be included in the records that an anonymous allegation had been raised and whether or not it had been investigated. It was not possible to respond to the individual concerned who had made the allegation.

Confirmation was given that central audit records were also kept by the Council of Whistleblowing allegations that were pertinent and needed to be signposted to another person or organisation. There was no benchmarking by the Council of the number of allegations in comparison to other Councils. It was for each organisation to set their own parameters in relation to the Policy. The Whistleblowing Policy was predominantly for employees due to the protection it gives them but the Council would not refuse to accept an issue which was brought to its attention by a member of the public. The Policy was under constant review and it was possible that there would be amendments to it for consideration in 2023.

It was emphasised that it was not possible to go into the detail of each allegation in a public meeting or what outcomes had transpired. Ms Bradley gave a commitment to look at whether the Council could more clearly set out what its role is in terms of the Whistleblowing Policy and its statutory obligations, including with organisations that are contracted with the Council.

**RESOLVED:** That the number of incidents of Whistleblowing during the 2021-22 financial year be **NOTED**.

**ACTION:** Anita Bradley to look at whether the Council could more clearly set out what its role is in terms of the Whistleblowing Policy and its statutory obligations, including with organisations that are contracted with the Council.

## **35/22 COUNTER FRAUD PLAN - PROGRESS REPORT**

(Agenda No. 8)

The report provided a summary of activity against the Counter Fraud Plan for 2022/23. The Plan had been presented at the Committee meeting in July. In terms of staff resources, Sarah Cox, Chief Internal Auditor, confirmed that an interim structure was being trialled where two existing Counter Fraud Officers were acting up into Senior Counter Fraud Officer roles. A new Counter Fraud Assistant had also been appointed.

Ms Cox stated that there were no new significant counter fraud cases to note. There were four cases remaining under joint investigation with the Police. Future progress on these cases would be reported to the Committee. There was also significant work preceding in relation to the National Fraud Initiative and the results of this work would also be reported back to the Committee. Blue badge enforcement exercises were taking place quarterly. She added that there had been a recent case from the last exercise which went to court and was successfully prosecuted.

The Chair asked a question about whether the Council's ability to make greater use of Automatic Number Plate Recognition cameras following the granting of Section 6 Powers and the ability for Blue Badge exemptions to be misused would form a greater part of the work by the Counter Fraud Team. Declan Brolly, Senior Counter Fraud Officer, informed the Committee that discussions were taking place with the Traffic Team. The Counter Fraud Team was looking at the process that people used to apply and register their Blue Badge against a vehicle for their journey(s) for a particular period. He would be able to provide a more detailed answer at the next meeting as to where any fraud risk may or may not lie. He confirmed it was possible to register a Blue Badge against more than one vehicle. It would be ascertained how long the registration was valid for because this would affect how the Team would look to enforce against any potential misuse of the scheme. There would potentially be a need to widen the scope of the on street enforcement exercises to look at the vehicles which had been exempted.

**ACTION:** To provide a future update regarding the assessed potential fraud risk regarding Blue Badge holders applying to have an exemption from Automatic Number Plate Recognition cameras (Sarah Cox / Declan Brolly).

**RESOLVED:** That the summary of activity against the Counter Fraud Plan for 2022/23 be **NOTED**.

## **36/22 AUDIT WORKING GROUP UPDATE - 9 NOVEMBER 2022 MEETING**

(Agenda No. 9)

Ms Cox provided an update on the recent Audit Working Group meeting held on 9 November 2022. There had been one main item on the agenda which was the HIF 1 Didcot Programme. The Working Group had requested at the meeting that officers provide more detail at the next meeting on 14 December as to how they were responding to the recommendations of the Local Partnerships Assurance Review.

The Chair of the Working Group, Dr Geoff Jones, added that the report had referred to how the recommendations were being responded to in April / May but there was a lack of information about the current position. The Working Group had been given some updates verbally at the meeting but more information was required in the future report in order that the Working Group could give an assessment to the Audit and Governance Committee on the governance and risk management processes of the HIF 1 project.

The Committee considered that due process was vital in terms of addressing the risks to the Council of the large infrastructure projects such as HIF 1. The Working Group's HIF 1 overview work would continue in December. It was agreed that the

Working Group should also consider the governance and risk management of other major highways infrastructure projects in the New Year. This would follow Internal Audit's audit of the highways capital governance in December / January and a major infrastructure audit in January.

**RESOLVED:**

- a) That the report be **NOTED**; and,
- b) The Audit Working Group consider the governance and risk management of other major highways infrastructure projects in the New Year.

**37/22 TREASURY MANAGEMENT MIDTERM REVIEW 2022/23**

(Agenda No. 10)

The Committee received a report which covered the treasury management activity for the first half of 2022/23 in compliance with the CIPFA Code of Practice on Treasury Management 2021. It provided an update on the anticipated position and prudential indicators set out in the Treasury Management Strategy Statement & Annual Investment Strategy for 2022/23 agreed as part of the Council's budget and Medium Term Financial Strategy in February 2022.

Tim Chapple, Treasury Manager, referred to the fact that the report was written against the backdrop of significant volatility in the economy and was measured against budgets that were approved at the beginning of the calendar year when forecasts for interest rates were much lower. He clarified the following in relation to matters raised by the Committee:

- There was an amendment to paragraph 11 of the report and that this should read that 'the Council intends to maintain its investment in strategic pooled funds with a purchase value of £101m (23%), with the remaining £341m (77%) being managed internally with a mixture of short, medium and long-term deposits'.
- The maturing debt of £7m was included in Annex 2 of the report. He would be able to provide the full maturity profile in a graphic format for future reports, including the third quarter report.
- There had been a change to the forecast for interest rates since the report was written. Rates were now expected to be in the region of 4.5%. The volatility had lessened since September.

Ms Baxter provided additional information regarding the negative DSG balance. This referred to the high needs element of the dedicated special schools grant. More was being spent each year than the grants allocation available and several years ago the Government had put in a statutory override which meant that the negative balances where the grant was overspent was held off the balance sheet. There was therefore effectively £42m less in the Council's cash balance because there was an overdrawn high needs dedicated schools grant. She had raised the statutory override nationally in terms of it allowing a negative deficit in the reserves. Councillor Miller added that in addition to the annual loss of income because there was no interest received, there was also the risk that the Council would be forced to crystallise increasing losses of at least £47m.

**RESOLVED:**

- a) That the report be NOTED; and,
- b) That Council be RECOMMENDED to NOTE the Council's treasury management activity for the first half of 2022/23.

**ACTION:** to provide the full maturity profile in a graphic format for future reports, including the third quarter report (Tim Chapple / Lorna Baxter)

**38/22 ERNST & YOUNG UPDATE**

(Agenda No. 11)

A verbal update was provided to the Committee by Adrian Balmer of Ernst & Young, the external auditors. He advised that the priority in the period from January 2023 through to March 2023 was to review the Council's approach to infrastructure assets following the statutory override and work with Council officers to ensure any changes were in line with revised guidance and the statutory override.

Mr Balmer added that as soon as there was assurance regarding the infrastructure assets and it was possible to close out the 2020/21 audit, focus would shift to the 2021/22 audit. Some frontloading of the 2021/22 audit work had already taken place. This had included being in contact with Council officers in order to select a sample for Ernst & Young's internal specialist to review. There had also been extensive work in terms of receiving third party confirmations on investment, including bank and borrowing confirmations. An update on these matters would be provided at the January and March Committee meetings.

**RESOLVED:** That the Committee **NOTED** the update.

**39/22 OXFORDSHIRE FIRE AND RESCUE SERVICE STATEMENT OF ASSURANCE 2021-22**

(Agenda No. 12)

The Committee received the report which was presented at the meeting by Jo Bowcock, Deputy Chief Fire Officer. She stated that it was a requirement for all fire and rescue authorities to provide annual assurance on financial, governance and operational matters through publishing an Annual Statement of Assurance. It also demonstrated that due regard was being shown in relation to any requirements of the Chief Fire Officer. It covered activities across the Service including the response phase and operation aspects, road safety, emergency planning and trading standards.

The Committee was content to approve the report for publication.

**RESOLVED:** That the Community Safety Services Statement of Assurance 2021/22 be **APPROVED** for publication.

**40/22 COMMUNITY SAFETY SERVICES ANNUAL REPORT 2021/22**

(Agenda No. 13)



The Committee considered the Community Safety Services Annual Report 2021/22. Ms Bowcock explained that the public facing document detailed performance across the directorate's strategic priorities between 2021 and 2022. The report detailed how Oxfordshire Fire and Rescue Service met its responsibilities to protect communities, reduce harm and save lives. She commented that it was important that the report was as engaging, accessible and readable for members of the public as possible, including the data analysis contained within it.

Members of the Committee thanked the Oxfordshire Fire and Rescue Service for their contribution and Ms Bowcock for the comprehensive report. They made the following points and recommended amendments in relation to the report:

- Page 13 – more explanation or context was given for the terminology in the section entitled 'false alarm by property type' regarding 'primary fire' and 'non-primary fire' and also 'other residential', 'non residential' and 'dwelling'.
- Page 21 – have a more comprehensive overview in future annual reports in respect of the Gypsy and Traveller Service.
- Page 23 - that some of the key achievements were re-worded to refer more accurately to the response to the major events and incidents.
- A request was made for a more regional breakdown of response times within the City of Oxford.
- Set out more detail on the diversity of the workforce.

Ms Bowcock thanked the Committee for the feedback and responded that additional clarity would be provided in relation to the terminology in the report. It was also possible to reflect the increasing face to face activity with the gypsy/traveller community and consequent communications with residents and also provide the regional response times information as requested. The Chair made the point that it would be useful for the response times information to be circulated to the Committee.

Ms Bowcock explained how the Fire and Rescue Service was pushing hard to be fully reflective of its communities and increase its diversity, with the latest intake of firefighters being 25% female and 8% BAME which was higher than ever before. She would look at setting out more recent increases in workforce diversity in the Annual Report.

**RESOLVED:** That the Community Safety Services Annual Report 2021/22 be **APPROVED** for publication, subject to the recommended amendments above.

**ACTION:** To provide regional response times information to the Committee (Jo Bowcock).

## **41/22 COMMITTEE'S WORK PROGRAMME 2022/23**

(Agenda No. 14)

Members reviewed the Audit & Governance Committee Work Programme 2022/23. Ms Cox advised that the Committee would be required to do its self-assessment which she would draft and obtain input from Ms Baxter and Ms Bradley. The

Committee's draft report to Council would be included on the Work Programme for the March meeting.

The Risk management Update had been deferred from the current meeting to the next meeting in January.

Ms Bradley also brought to the Committee's attention that depending on the outcome at Council the following month, there was the potential for the governance review to be taken forward via the Audit and Governance Committee.

**RESOLVED:** The Audit and Governance Committee Work Programme 2022/23 be **NOTED.**

..... in the Chair

Date of signing .....