

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 27 May 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  
Dr Geoff Jones

**Non-voting Members:** Dr Geoff Jones

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

**Officers:**

Whole of meeting Sarah Cox, Chief Internal Auditor; Nick Graham, Director of Law & Governance, Glen Watson, Principal Governance Officer, Lucy Tyrrell, Committee Officer

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
6 & 7	Lorna Baxter, Director for Finance, Hannah Doney, Assistant Director for Finance
8 & 9	Katherine Kitashima, Audit Manager;

*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.*

### 9/20 **APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS** (Agenda No. 1)

There were no apologies received.

Cllr Jeannette Matelot advised she will continue to attend the Committee on a temporary basis.

## **10/20 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE**

(Agenda No. 2)

There were no declarations of interest.

## **11/20 MINUTES**

(Agenda No. 3)

The minutes of 15 January 2020 were agreed subject to the amendment to item 5/20 External Auditors, whereby Cllr Carter wished to clarify his point that he was not happy with verbal reports to, 'I am happy to receive verbal reports, however would appreciate additional narrative to aid Members with their discussions prior to the meeting'.

Item 5/20, Councillor Phillips noted that her request for the External Auditors to review any contracts with the NHS stands as a request, to be followed up by the Internal Auditor.

Item 6/20, Chairman noted that deferred items should still be monitored. Councillor Smith agreed, and that members would benefit from an updated briefing, particularly the Oxford City Council Agency Agreement. Sarah Cox responded that actions have been updated and all implemented bar the best value review. An update has been scheduled for the Audit Working Group meeting for September if the Committee is satisfied with these timescales.

Item 6/20, Councillor Smith also noted the last point on locality meetings, and advised that due to this Councillors are not being kept adequately informed. Sarah Cox will feed these outstanding issues back to Paul Fermer, Assistant Director of Community Operations, including the issue with potholes. Councillor Smith also requested that members be informed if this arrangement includes trees on the highways, as this is not clear.

Item 4/20, Councillor Matthew requested that Memorandum of Understanding with The Vale of the White Horse District Council be circulated as agreed at the previous meeting.

## **12/20 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

None.

## **13/20 STEVE JORDEN, CORPORATE DIRECTOR, COMMERCIAL DEVELOPMENT, ASSETS AND INVESTMENT - INTRODUCTION TO COMMITTEE AND OVERVIEW OF ROLE**

(Agenda No. 5)

Steve Jorden, Corporate Director for Commercial Development Assets and Investment introduced himself to the Committee and gave an overview of his role, including the breadth of his remit and past experiences relevant to the new position.

Steve Jorden responded to Dr Geoff Jones' query regarding the role of the Chief Finance Officer having a status at least equivalent to other members of the Leadership Team, and confirmed that the Section 151 Officer whilst reports to him, has a direct line to the Chief Executive as and when needed. He also confirmed that the S151 officer is a member of the Corporate Leadership Team, fully supported by the Council. The Council is mindful of this guidance and has taken this into consideration

These arrangements are detailed in the Annual Governance Statement due to be presented at the next Audit Working Group meeting, of which he was invited to attend.

Councillor Smith asked how the joint role will be split between Cherwell District Council and Oxfordshire County Council? Steve Jorden responded that he aimed to continue supporting Councillors providing updates through Cabinet and Informal Cabinet meetings, and through the updates provided by the Chief Executive. His intention was that time would be split based on need, focused on outcomes for meeting the needs of Oxfordshire residents.

Steve Jorden also responded to questions regarding strategic review and analysis and wished to reassure Councillors that this is an important aspect of the role. Sarah Cox added that Strategic Risk Registers are reviewed at every Audit Working Group meeting, and the Committee are able to request specific areas of enquiry, of which members have full sight. The Chairman wished to remind members that although there is a core group of members who attend the AWG, all members are welcome to join.

Steve Jorden responded to the query from Councillor Phillips regarding his capacity to attend every meeting in the role of Monitoring Officer and clarified that he would endeavour to attend as many meetings as possible but where this is not possible his deputy would attend in his absence. Also, whilst not legally trained, he will be supported by an experienced team including Sukdave Ghuman, the new Head of Legal who will start at the beginning of June and Principal Governance Officer. He wished to reassure members that he has the relevant experience for this role and is supported by an experienced legal team.

Councillor Matthew welcomed that part of his remit was to review the 'sweating of assets', as he has seen little evidence of this taking place previously. Steve Jorden responded that he could not comment on what had gone before, however his role is to work with the relevant teams and realise that potential.

The Chairman stated that these may encompass assets within Councillor's divisions, and they would welcome updates regarding these. Councillor Matthews agreed, and added that councillors would have information that would be useful for those individual areas.

The Chairman thanked Steve Jorden for attending the meeting.

## **14/20 STATEMENT OF ACCOUNTS 2019/20 UPDATE**

(Agenda No. 6)

Lorna Baxter introduced the report to the Committee. The Chairman asked if Oxfordshire County Council will be taking advantage of the extension given by the government to audit the final accounts? Lorna Baxter responded that it is expected that the work will be completed within the original timeframes set.

Hannah Doney highlighted the three sections of the report, including the detailed extension of timeframes and the adjustments to the narrative statement to reflect COVID.

Hannah Doney responded to points raised by members of the Committee as follows:

- Signing off the audits could be carried out at the next A&G meeting if they are complete, dependent of whether we utilise the extended deadlines available.
- There are no exceptions to the professional standards stated, there are always areas of judgement, however this is an area for focus for the auditors.
- Valuations were completed on time and no issues have been anticipated for the following year as these are not dependent on site visits.
- The only PFI contract is held with JS Care Homes, and a service concession arrangement note is included in the accounts.
- Blank figures included on Page 25 of the report are balance sheet figures and not appropriate to the Committee at this stage. These will be available when the accounts are finalised.
- Figures on the top of Page 24 relate to Oxlet spend and will be confirmed prior to publishing.

Lorna Baxter reminded the Committee that the document presented so far is the setting out of the schedule of work, more detailed information will be available when the accounts have been fully prepared.

### **RESOLVED: to**

- a) note the revised timetable for the publication of the 2019/20 Unaudited Statement of Accounts and period of public inspection**
- b) ratify the accounting policies as approved by the Chief Finance Officer and included as an appendix to this report**
- c) note the content and timetable for the 2019/20 narrative report.**

## **15/20 EXTERNAL AUDITORS**

(Agenda No. 7)

Janet Dawson presented the three reports to the Committee and noted the following:

- Show the main areas of risk for the Council and how the work has been tailored to look at that risk. Focus is on capital expenditure, broadly journal entries towards year end to identify unusual transactions. There is some uncertainty on how the dedicated schools grant should be accounted for, which is a focus point from CIPFA and DoE.

- Regards materiality, we would report back on any differences over £900,000 to the Committee, or anything around the remuneration report.
- There has been no risk identified with value for money.
- Commentary has been included on the audit fee and process set in line with FRC requirements and how our work has been tailored to reflect these.

Janet Dawson responded to member's questions as follows:

- In terms of the fee, additional work may arise due to the impact of COVID, and also the uncertainty around valuations, and this is indicative moving forward.
- We are awaiting resolution from the point of Carillion contract ceasing, and the potential liability to be reflected in the accounts.
- The £47,000 for objections reflects the number of objections raised.
- Errors communicated to the Committee will be judged by E&Y, however it is unlikely that significant errors will be found.

The Chairman asked if there are still outstanding negotiations with Carillion, and can we receive this information at the next meeting? Lorna Baxter confirmed that we are in a position to settle very soon., which will be reflected in the accounts, however as this is a contractual settlement, would not be subject to a public meeting.

Janet Dawson advised the Committee that they are working to the original timetable, however it will not be as quick as when on site. The Chairman requested Lorna Baxter update the Committee of any changes.

## **16/20 ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2019/20**

(Agenda No. 8)

Sarah Cox introduced the report. There were no conflicts of interest throughout the year and no limitations on the work. For the first time in several years, work has not been completed to the overall plan due to the pandemic.

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

- There are five audits due to be completed, two of which are combined into one report being drafted and agreed, and will come back to the July meeting.
- Controcc Children's audit will be taken to the June AWG meeting with the Director and Deputy Director attending.
- H&S and Business Continuity still requires some actions to be implemented, however it should be noted that considerable progress has been made and that the profile of these has been increased.
- Section 106 and Security Bonds includes follow up work this year, the next updates to come to the AWG meeting in September and this is also being followed up at the Leadership Team June meeting.
- The Oxford City Agency Agreement will be updated at the September AWG meeting, however have been notified verbally that all actions have been completed except the Best Value Review.
- Issues with the wording of Oxfordshire County Council's standard admissions policy of which are adopted by individual schools are not always clear and compliant, especially to those parents/carers who have not accessed the school system before, and this will be picked up under policies and guidance and referred back to Interim Director of Childrens Services.

**RESOLVED: to consider and endorse this annual report.**

## **17/20 Q1 INTERNAL AUDIT STRATEGY & ANNUAL PLAN 2020/21**

(Agenda No. 9)

Sarah Cox introduced the report. The report presents the Internal Audit Strategy for 2020/21, and Internal Audit Plan for quarter 1. Sarah Cox highlighted that this is a fluid plan reflecting the 'agile' state of auditing due to the pandemic, and will bring an updated plan to the July meeting.

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

- Recruitment remains an issue for the Team due to COVID, however noted that these are nationwide issues affecting the auditing sector.
- Counter-fraud has been picked up by the Assistant Director of Finance to enable the Chief Internal Auditor to concentrate on joint working with Cherwell District Council, and will report to the July meeting.
- A Trading Standards Officer continues to work 3 days per week covering the Counter Fraud vacancy and this has worked successfully.

**RESOLVED: to comment and note the Internal Audit Strategy for 2020/21 and Internal Audit Plan for quarter 1.**

## **18/20 PROGRESS UPDATE ON ANNUAL GOVERNANCE STATEMENT ACTIONS**

(Agenda No. 10)

Nick Graham introduced the report and noted that this publication is an update on the actions listed as priorities for 2019/20, and will be presented to the Audit Working Group in their June meeting, to be agreed at the next Audit & Governance Committee meeting in July.

Officers responded to members queries as follows:

- Facilities Management are not in a position to be audited as yet, and will be carried forward.
- An updated explanation on the role of the CFO in local government and subsequent reporting to the CEO, will be reflected in the updated governance statement.

**RESOLVED: to consider and note the outcomes so far on the governance actions agreed in last year's Annual Governance Statement.**

## **19/20 SCALE OF ELECTION FEES AND EXPENDITURE**

(Agenda No. 11)

Nick Graham highlighted to members that there will be District Council, Parish and Police and Crime Commissioner elections in the next year.

Glenn Watson introduced the report and the following were his responses to Members' questions:

- There are no scheduled elections until May 2021, and no by-elections – both of which would not be held due to COVID.
- A review was undertaken by the City and District Councils of Oxfordshire to identify any staffing issues which might impinge on the scale of fees.
- The only increase is for the Polling Station Inspector which reflects the crucial nature of this role and level of responsibility.

**RESOLVED: to approve the Scale of Expenditure for the financial year 2020/21, as shown in Appendix A to this report, for the election of County Councillors and any other local referendums.**

## **20/20 AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT TO COUNCIL 2019**

(Agenda No. 12)

The Chairman introduced the report and thanked the Chief Internal Auditor. The Chairman requested that the document be changed to reflect our thanks to the Trading Standards for their support.

**RESOLVED: to consider the Annual Report and suggest any additions or amendments.**

## **21/20 THE FUTURE OF THE JOINT AUDIT & GOVERNANCE AND PERFORMANCE SCRUTINY (TRANSFORMATION) SUB-COMMITTEE**

(Agenda No. 13)

The report by the Corporate Director for Customer and Organisational Development was received by the Committee and the following issues raised:

- The Committee will receive assurances to the continuing transformation items being part of the audit plan and brought to this Committee.
- Whilst the report highlights the limited number of redundancies as a result of the financial restructure, no further information on numbers has been received. A snap shot to show the next financial year would be useful for the Committee and requested that either Claire Taylor or Lorna Baxter attend the next meeting.

**RESOLVED to:**

- a) agree, in conjunction with the Performance Scrutiny Committee, that the work of the Transformation Sub-Committee is complete in having overseen the start-up phase of the council's Transformation Programme and that future oversight now reverts back to its two parent committees; and**
- b) consider on an ongoing basis which specific change activities it wishes to include on its forward plan.**

## **22/20 WORK PROGRAMME**

(Agenda No. 14)

It was agreed that due to the number of items due to be discussed at the next meeting, the start time would be moved to 1.00 p.m.

..... in the Chair

Date of signing .....