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AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 16 March 2022 commencing at 2.00 pm and finishing at 4.45 pm.

Present:

Voting Members: Councillor Roz Smith – in the Chair
Councillor Brad Baines (Deputy Chair)
Councillor Dan Levy
Councillor Ian Middleton
Councillor Michael O'Connor
Councillor Judy Roberts
Councillor Ted Fenton
Vacancy Co-Optee
Dr Geoff Jones

Non-Voting Members: Dr Geoff Jones

Other Members in Attendance: Councillor Calum Miller

By Invitation: None

Officers:

Whole of meeting Lorna Baxter, Director of Finance
Sarah Cox, Chief Internal Auditor
Richard Quayle, Chief Accountant
Tessa Clayton, Audit Manager
Anita Bradley, Director of Law and Governance

Part of meeting

Agenda Item Officer Attending

Item No. 9 Helen Mitchell, Scrutiny Officer

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with 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.

13/22 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were received from Councillor Nick Leverton.

Correction

The Chair noted that there was a mistake on the face of the agenda where it stated, under "Membership", that there was a vacancy. This was not correct and was an error in the agenda template which had not been corrected when the agenda was published.

14/22 DECLARATION OF INTERESTS

(Agenda No. 2)

No Declarations of Interest were received.

At this point in the proceedings, the Chair took the opportunity to welcome Mr Richard Quayle, Chief Accountant, Oxfordshire County Council, to his first meeting of the Audit & Governance Committee.

15/22 MINUTES

(Agenda No. 3)

The Chair noted that the minutes that had been published with the agenda and reports for the meeting required amendment to reflect officers' comments on the initial draft of the minutes. Therefore, she proposed that the Committee defer consideration of the minutes until the next meeting of the Committee.

[The Chair noted that Councillor Calum Miller had been present for most of the last meeting and that the amended minutes should reflect his attendance at the meeting].

AGREED

16/22 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were none.

17/22 AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT

(Agenda No. 5)

The Audit & Governance Committee considered a report by the Director of Finance. In accordance with The Chartered Institute of Public Finance & Accountancy (CIPFA) Audit Committee Guidelines for Local Authorities 2018, it was recommended practice for an annual public report to be produced and reported to Full Council demonstrating how the Committee had discharged its responsibilities.

It was recommended that the Audit & Governance Committee review the draft report, agree any amendments, and finalise the report in preparation for a presentation to Council by the Chair of the Audit & Governance Committee.

Sarah Cox, Chief Internal Auditor, Oxfordshire County Council, presented the report.

In the subsequent discussion, the following points were raised.

(a) Regarding the final Paragraph on Page 30 of the report, which stated –

"Where any other member wishes to inspect any document considered by the Group and believes that s/he has a 'need to know' as a County Councillor, the

procedure in the Council's Constitution relating to Members' Rights and Responsibilities (Part 9.3) shall apply.”,

the Director of Law and Governance confirmed that Councillors did not have an unfettered right to access information held by the Council and it may be necessary for a Councillor to demonstrate a “need to know” before they may be granted access to certain types or categories of information.

(b) In response to a query raised by Councillor Roberts regarding the attendance of the external auditors, Ernst and Young (EY) on Page 23 of the report, it was noted that it had been expected that EY representatives would attend this meeting of the Committee. However, an administrative oversight in the preparation of the agenda had necessitated deferring EY's attendance to the next meeting of the Committee.

(c) Regarding Paragraph 39 on Page 27 of the report where it stated –

“To grant dispensations to councillors and co-opted members from the requirements relating to interests set out in the code of conduct for members”,

the Director of Law and Governance noted that dispensations were rare notwithstanding it had been anticipated with the introduction of the Localism Act 2011 that dispensations might become more commonplace. She then noted the implications of granting dispensations before outlining the difficulties of granting dispensations in accordance with the provisions of Schedule 12A of the Local Government (Access to Information) Act 1985 and how this worked in practice.

(d) Regarding Paragraph 40 of the report which stated –

“To receive a report from Member-Officer Standards Panels appointed to investigate allegations of misconduct under the Member's “Code of Conduct”,

the Director of Law and Governance stated that, in her capacity as Monitoring Officer, her role would be limited and would not necessarily form part of the formal review process. However, she would be willing to consider how her involvement in the process might be made more transparent while restricting sensitive information entering the public domain.

At this stage, the Chair drew the discussion to a close and proposed that the recommendation in the report be amended to read, as follows –

“The Audit & Governance Committee is RECOMMENDED to delegate the final report text to the Chief Internal Auditor in consultation with the Chair of the Audit & Governance Committee before presenting the report to Full Council.”

AGREED

18/22 GOVERNMENT'S MEASURES TO IMPROVE LOCAL AUDIT DELAYS

(Agenda No. 6)

The Audit & Governance Committee considered a report by the Director of Finance in which it was reported that the government was continuing to prioritise measures to improve timeliness and support capacity as part of the response to the [Redmond Review](#) on Local Authority financial reporting and external audit.

In January 2021, Catherine Frances, the Director General Local Government at the Department for Levelling Up, Housing and Communities (DLUHC) wrote to Directors

of Finance setting out a package of measures to help get the timeliness of local audit back on track.

Key measures the Department had committed to were:

- (a) Providing councils with additional funding over the next Spending Review period to support the cost of strengthening financial reporting and increased audit requirements;
- (b) Strengthening training and qualification options for local auditors and audit committee members;
- (c) Reviewing whether certain accounting and audit requirements could be reduced on a temporary basis; and
- (d) Extending 2021/22 audit deadline to 30 November 2022, and then 30 September until 2027/28.

It was recommended that the Audit & Governance Committee note these key measures.

Lorna Baxter, Director of Finance, presented the report.

In the subsequent discussion, the following points were raised.

- (a) Referring to Paragraph 9 of the report under the subheading “Measures Relating to Local Bodies and Quality of Accounts Preparation”, the Chair noted that the Department for Levelling Up, Housing and Communities (DLUHC) proposed funding of £45 million over the course of the next Spending Review to support local authorities was for all English local authorities and would not cover the Council’s costs.
- (b) In response to a question as to how the money would be spent, Ms Baxter stated that the money would likely go towards the additional audit fee.

Regarding how the accounts were prepared each year, she proposed that, within existing constraints, the focus should be on getting more and better information from the external auditors. In so doing, she referred to Paragraph 8 of the report, under the subheading “Measures Relating to Audit Firms and Timely Completion of Audit Work”, which referred to how the Chartered Institute of Public Finance and Accountancy (CIPFA) might assist in increasing the number of qualified auditors.

- (c) Regarding the prioritisation of Oxfordshire County Council (OCC) for auditing, Ms Baxter stated that this was based, in part, on size (compared to auditing smaller District Councils); history (OCC being an authority with a record of preparedness for auditing); and OCC being an authority with a track record of having its accounts duly signed off.
- (d) Regarding Property, Plant & Equipment (PPE), Lorna Baxter stated that, until the 2020/21 accounts were assigned, there was very little that could be done on any aspect of the 2021/22 accounts.

As there were no more questions, the Chair drew the discussion to a close. She then asked if the Committee was prepared to approve the recommendation which was to note the Key Measures set out in Paragraph 3 of the report.

AGREED

19/22 SCALE OF ELECTION FEES 2022-23

(Agenda No. 7)

The Audit & Governance Committee considered a report by the Corporate Director Commercial Development, Assets and Investment in which it was noted that the County Returning Officer was responsible for the conduct of the County Council elections and by-elections.

Expenditure properly incurred by the Returning Officer was paid by the Council and, as such, a scale of expenses was set as a guide to such expenditure. The scale of expenses set out in the Annex to the report would be applicable to any by-elections held within the 2022/23 financial year.

In accordance with the Council's practice, a review had been undertaken in consultation with the County, City, and District Council election specialists in Oxfordshire who assisted the Returning Officer in running the County Council's elections and by-elections. The District Councils would use this scale when acting on behalf of the Returning Officer and were generally mindful of the County Council's scale of expenses when setting their own scales of expenses.

The scale had been brought to the Committee in the interests of transparency for this area of election governance.

The Audit and Governance Committee was recommended to note the Scale of Election Expenses for the financial year 2022/23 for any poll associated with the County Council during the year.

Anita Bradley, Director of Law and Governance, presented the report. In so doing, she declared an interest as the Council's Returning Officer.

In the subsequent discussion, the following points were raised.

- (a) Ms Bradley, in response to several questions, clarified certain details set out in various sections the table presented in the report that was before the Committee.
- (b) In response to a question about the fees referred to in the report reflecting the "Oxford Living Wage", Ms Bradley stated that this was a matter for the Council to determine and not one for her in her role as Monitoring Officer. She also noted the legal position regarding her liability as the Returning Officer and the requirements to be suitably indemnified.
- (c) In response to a question about the level of fees, Ms Bradley stated that the fee levels were based on historical data and they were within her gift. She went on to say that she had had brought this report before the Committee in the interests of transparency and to ensure that Committee Members were aware of the process and how fee levels were fixed.

It was her view that the fee levels were reasonable, proportionate, and sufficiently financially attractive to encourage enough persons to perform these roles when required.

- (d) Regarding the Note on Page 44 of the report, which stated –

"Where there is any combination of poll with District or Parish Councillors, wherever appropriate and as far as practicable, the costs are to be shared on an equal basis between the relevant Authorities, unless a particular expense can be allocated to a specific poll."

Ms Bradley noted that there were different statutory provisions governing the organisation of, and remuneration in relation to, local and other elections and that there was a rigorous process involving central and local government in determining the allocation of costs in relation to both local and national elections. She confirmed that she would need to seek clarification on whether the County Council could, beyond its statutory obligations, subsidise any other elections.

- (e) Regarding by-elections, Ms Bradley stated that there was contingency funding for by-elections. However, should that contingency fund not be sufficient, it may be necessary to seek additional funding.

Ms Baxter confirmed that, in the last 8 to 10 years, the reserve fund had been more than sufficient to meet the costs of local by-elections.

The Chair proposed that the Committee agree the report's recommendations.

AGREED

20/22 COUNTER FRAUD UPDATE

(Agenda No. 8)

The Audit & Governance Committee considered a report by the Director of Finance presenting a summary of activity in relation to the Counter Fraud Plan for 2021/22 which had been presented to the Audit & Governance Committee meeting in July 2021.

The Counter Fraud Plan supported the Council's Anti-Fraud and Corruption Strategy by ensuring the Council had proportionate and effective resources and controls in place to prevent and detect fraud as well as investigating matters that might arise.

It was recommended that the Audit & Governance Committee note the summary of activity against the Counter Fraud Plan 2021/22.

The report was presented by Sara Cox, Chief Internal Auditor.

The Chair referred to Paragraph 7 of the report, "National Fraud Initiative" (NFI), noting the number of Blue Badges and Concessionary Travel Passes that had been cancelled and the estimated future loss to the Council that had been prevented because of the cancellations. She also noted that, on the death of a Blue Badge or Concessionary Travel Pass holder, there was a requirement that the relevant authorities were informed of the holder's death and that the holder's Blue Badge or Concessionary Travel Pass was cancelled.

In the subsequent discussion, the following points were raised.

- (a) As part of the On Street Enforcement Exercise, there was a detailed Enforcement Plan which set out procedures to be followed in seizing and/or returning Blue Badges.

ACTION: Officers to consider publishing the Enforcement Plan and any appeals procedures on the Council website.

- (b) Referring to Paragraph 4: Key Performance Indicators & Trends, it was confirmed that the number of investigations and cases was consistent with the number of cases in previous years. In addition, the outcomes of the investigations that had been conducted was in accordance with officers' expectations.

It was proposed that the statistics presented in Paragraph 4 of the report were indicative of there being strong controls and processes in place.

- (c) The financial value to the holder of a Blue Badge or a Concessionary Travel Pass was calculated nationally based on parking and travel fees that were waived for holders of a Blue Badge or a Concessionary Travel Pass.
- (d) Regarding levels of abuse of the Blue Badge Scheme, it was anticipated that, as the On Street Parking Enforcement Exercise progressed, and work was carried out with Blue Badge Enforcement Officers, Blue Badge “hot spots” would be identified, and the necessary enforcement action taken.
- (e) Regarding “New Cases by Referral Source”, category referred to in the report, it was noted that “whistleblowing” cases could originate from several sources including Members of the Public, Service Providers and Council employees. It was whether the case met the definition of whistleblowing that determined how it was categorised.
- (f) Regarding fraud within schools, if the school concerned was a maintained school, responsibility for investigating the fraud and any loss because of fraud would lie with the Council as the Local Education Authority.

In bringing the discussion to a close, the Chair thanked officers for the work carried out in relation to Counter Fraud Plan 2021/22.

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

21/22 OPERATION EDIFICE INVESTIGATION (AGENDA ITEM NO. 9)

(Agenda No. 9)

The Chair stated that, as the Appendix to the report contained Exempt Information as defined by schedule 12A of the Local Government Act 1972 (as amended), she was going to move the item to the end of the agenda and move that the Press and the Public be excluded from the meeting during consideration of the Item.

22/22 PROPOSED OXFORDSHIRE CODE OF CONDUCT

(Agenda No. 10)

The Audit & Governance Committee considered a report by the Director of Law and Governance in which it was noted that Oxfordshire County Council, in accordance with the provisions of the Localism Act 2011, had adopted a Members' Code of Conduct (“the Code”).

In response to a report by the Committee on Standards in Public Life (CSPL), the Local Government Association (LGA) published a Model Member Code of Conduct, the latest version of which had been updated in May 2021. It had subsequently been agreed by the Monitoring Officer of each Oxfordshire authority and the Oxfordshire Association of Local Councils to adopt an amended Members Code of Conduct using the Model Member Code of Conduct produced by the LGA.

Accordingly, it was recommended that the Audit & Governance Committee recommend to Full Council that it –

- (a) Adopt a revised Councillor’s Code of Conduct based on the LGA Model Member Code of Conduct (“the Code”); and

(b) That the revised Code be implemented from 1 May 2022.¹

The Director of Law and Governance, Anita Bradley, presented the report.

In the subsequent discussion, the following points were raised.

- (a) In response to a question regarding Councillors undertaking training as set out in Paragraph 6.8.1 of the proposed Code of Conduct, it was recommended that it was for Full Council to set the requirements regarding training, and it would be the officer's recommendation that each Member of the Council undertake training on the new Code of Conduct at least once during their four-year term of elected office.
- (b) Regarding Paragraph 7.3 of the proposed Code of Conduct: Non-Registerable Interests, Ms Bradley stated that, in her opinion, a person's employment details were a disclosable pecuniary interest, the relevance of which was dependent upon the facts and particular circumstances of the case.
- (c) Every local authority was required to have a Members' Code of Conduct. In the case of Oxfordshire County Council, the Members' Code of Conduct was incorporated into the Council's Constitution's and was part of the Council's overall governance framework.
- (d) Regarding Paragraphs 6.7.1 and 6.7.2 regarding use of Council resources, Ms Bradley stated that Paragraph 6.7.1 was a statement of fact which was augmented by Paragraph 6.7.2.
- (e) As Oxfordshire County Council no longer had a Standards Committee, it was the responsibility of the Audit & Governance Committee, on the recommendations of the Monitoring Officer, to maintain standards of governance.
- (f) Regarding Paragraph 8: Code of Conduct - Gifts and Hospitality, Ms Bradley clarified the provisions of Paragraphs 8.1 to 8.3 which were intended to cover all eventualities in relation to the giving and acceptance of gifts and hospitality and the test to be applied when considering whether to accept a gift and/or hospitality.
- (g) Regarding the interpretation of the provisions of Paragraph 7.3: Non-Registerable Interests, Ms Bradley said it was for Members to apply the natural and ordinary meaning of the wording in the paragraph and, if in doubt, to seek the advice of the Monitoring Officer.

RESOLVED: To approve the revised recommendation, as follows:

That the Audit & Governance Committee recommend to Full Council that it –

- (a) Adopt a revised Councillor's Code of Conduct based on the LGA Model Member Code of Conduct ("the Code"); and
- (b) That the revised Code be implemented from 1 May 2022.

¹ This was a revised recommendation by the Director of Law and Governance, the original recommendation being that the Audit and Governance Committee adopt the revised Councillor's Code of Conduct at Appendix (1) [of the report] for implementation from 1 May 2022.

23/22 REPORT OF THE AUDIT WORKING GROUP

(Agenda No. 11)

The Audit & Governance Committee considered a report by the Director of Finance which noted that the Audit Working Group (AWG) had met on 24 January 2022. The AWG had received a briefing from Senior Officers, regarding assurances over the robustness of the processes in place to manage the revised timescales and increased costs in relation to the Housing Infrastructure Funding (HIF) 1 programme.

It was recommended that the Audit & Governance Committee note the report.

In the subsequent discussion, the following points were raised.

- (a) It was noted that Cllr Enright, the Cabinet Member for Travel and Development, who was not a Member of the AWG, had observed the meeting of the AWG on 24 January 2022, but had not been included in the list of Members present at the meeting.
- (b) There was no reference in the report to when further action and/or monitoring should take place. Therefore, the Committee, may wish to consider a report back to the AWG in six months' time.

It was noted that there were other groups looking at the HF1 project and it would be appropriate for the AWG to link into those other groups.

Sarah Cox, Chief Internal Auditor, stated that the Forward Plan for the Audit & Governance Committee ("the Committee") would include reports updating the Committee on progress on, and risks associated with, HF1. Accordingly, the Committee could request an update report at a time when this might be appropriate.

- (c) Dr Geoff Jones, Chair of the AWG, proposed that the Committee could request that there was a report back to the AWG no later than one year from now.

RESOLVED: To –

1. Note the report; and
2. Request that there be a report to the AWG on the progress and/or monitoring of the HF1 project no later than March 2023.

24/22 REVIEW OF AUDIT WORKING GROUP TERMS OF REFERENCE

(Agenda No. 12)

The Audit & Governance Committee considered a report by the Director of Finance setting out the role and functions of the Audit Working Group (AWG) in reviewing in detail matters of governance, risk, and control on behalf of the Audit & Governance Committee ("A&G Committee"). It was noted that the AWG supported the A&G Committee in discharging its responsibilities.

Annually the Terms of Reference of the AWG were reviewed by the A&G Committee. As part of the Annual Review, the A&G Committee was asked to consider proposed revisions to the operational arrangements of the AWG.

It was recommended that the A&G Committee agree the proposed revisions to the operation of the AWG, as set out in the report, and any subsequent revisions to the AWG Terms of Reference that might be required.

Sarah Cox, Chief Internal Auditor, presented the report.

Dr Geoff Jones, Chair of the AWG, described the operation of the AWG, identifying, as he did so, key issues and concerns and how the AWG might operate within the framework of the proposed Terms of Reference.

In the subsequent discussion, the following points were raised.

(a) Regarding the appointment of Independent Members to the Audit & Governance Committee, the Director of Law and Governance, Anita Bradley, stated that she anticipated reporting to Full Council in July of this year on proposals for making these appointments.

(b) Regarding the proposal in Annex 1: Audit Working Group Terms of Reference where it stated under the heading "Confidentiality" –

"Where any other Member wishes to inspect any document considered by the Group and believes that s/he has a 'need to know' as a County Councillor, the procedure in the Council's Constitution relating to Members' Rights (Part 9.3) shall apply",

the Chair proposed that the A&G Committee accept the proposed wording in the knowledge that the Constitutional Review Working Group had yet to complete his work and that the A&G Committee would have a further opportunity to review the wording.

(c) Regarding the proposal that the Chair of the Committee should also chair the AWG, as set out in Paragraph 4 of the report, it was proposed that this suggestion be kept under review.

RESOLVED: That that the A&G Committee –

1. Agree the proposed revisions to the operation of the AWG and any subsequent revisions to the AWG Terms of Reference that might be required; and
2. That the proposal that the Chair of the Audit & Governance Committee be appointed Chair of the AWG, be kept under review.

25/22 WORK PROGRAMME 2021/22

(Agenda No. 13)

Item withdrawn.

26/22 RESOLUTION TO EXCLUDE THE PRESS AND THE PUBLIC FROM THE MEETING

Under section 100A of the Local Government Act 1972, the Press and the Public be excluded for the following item of business on the ground that, if the Press and Public were present, it would be likely that exempt information falling under the provisions of Schedule 12A of the Local Government Act 1972, would be disclosed to them and, in the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The motion was moved by the Chair and seconded by the Vice Chair.

RESOLVED: To approve the motion to exclude the Press and the Public from the meeting during consideration of the following Item of Business.

27/22 SUMMARY OF ITEMS CONSIDERED WHILE THE PRESS AND THE PUBLIC WERE EXCLUDED FROM THE MEETING

OPERATION EDIFICE INVESTIGATION REPORT

(Agenda Item No. 9)

The Audit & Governance Committee considered a report by the Director of Finance presenting a summary of the investigation named “Operation Edifice” conducted by the Council’s Counter Fraud Team from September 2020 and which had been overseen by the Corporate Director Commercial, Development, Assets & Investment’s (CDAI).

The investigation reviewed issues surrounding engagement of suppliers and practices within the Facilities Management Department and the construction of a Temporary Place of Rest (TPOR).

There were multiple strands to the investigation and some of the issues had been substantiated. The investigations into the various strands had now been completed and the report was the last stage in concluding the investigation.

One strand of the investigation regarding a supplier had been referred to the Police.

Improvement actions had been identified and addressed, as shown in the Action Plan in Annex 1 of the report.

Changes implemented within Facilities Management, including restructuring the Joint Property Transformation Programme and the Provision Cycle, addressed concerns raised by the investigation.

It was recommended that the Audit & Governance Committee –

1. Note the findings from the ‘Operation Edifice’ investigation; and
2. Consider the management response and Action Plan resulting from the investigation [set out] in Annex 1 [of the report].

RESOLVED: To –

1. Approve the report’s recommendations; and
2. Request that the Audit & Governance Committee be provided with:
 - Information on the restructure of the Facilities Management Service; and
 - A copy of the [Officer] Procurement Handbook.

The meeting ended at 4.45 pm.

..... in the Chair

Date of signing

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