

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 9 January 2019 commencing at 2.00 pm and finishing at 4.50 pm

**Present:**

**Voting Members:** Councillor Nick Carter – in the Chair  
Councillor Tony Ilott (Deputy Chairman)  
Councillor Paul Buckley  
Councillor Charles Mathew  
Councillor D. McIlveen  
Councillor Glynis Phillips  
Councillor Les Sibley  
Councillor Roz Smith  
Councillor Mike Fox-Davies (In place of Councillor Jeannette Matelot)

**Non-Voting Members in Attendance:** Dr Geoff Jones

**By Invitation:** Paul King and David Guest, Ernst & Young

**Officers:**

Whole of meeting Lorna Baxter, Director for Finance; Ian Dyson, Assistant Chief Finance Officer (Assurance); Sarah Cox, Chief Internal Auditor; Colm Ó Caomhanaigh, Committee Officer

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
7	Nick Graham, Strategic Director for Resources; Caroline Parker, ICT Information Services Manager. Fiona Percival, County HR Manager Kate Terroni, Director for Adult Services; Benedict Leigh Deputy Director.
8	Tim Chapple, Financial Manager (Treasury)

*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 and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda, reports and additional documents, copies of which are attached to the signed Minutes.*

## **1/19 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

Apologies were received from Councillor Jeannette Matelot (Councillor Mike Fox-Davies substituting).

## **2/19 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE**

(Agenda No. 2)

There were no declarations of interest.

## **3/19 MINUTES**

(Agenda No. 3)

The minutes of the meeting on 14 November 2018 were approved and signed.

On item 17/18, the final bullet point, the Chairman asked for a briefing for Members on how they could help to deal with any unreasonable expectations around what the Council can do in the Carillion recovery plan.

The following were also noted:

- The situation for local schools following the collapse of Carillion has not been discussed yet at the Oxford locality meetings.
- The estimated figures for the amounts owed to and from Carillion are not available yet so that item has been deferred to the March meeting.
- The first meeting of the Transformation Joint Subcommittee will be on Thursday 17 January 2019.

## **4/19 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

Julie Spragg, representing Fossil-Free Oxfordshire, spoke on Agenda Item 6 External Auditors – Oxfordshire Pension Fund Audit Planning Report. The group asked if it was appropriate to use an exemption from normal procurement rules in order to renew for a second time the contract for independent financial advice.

They asked the Committee to take into account the recent report from the Intergovernmental Panel on Climate Change and the motion passed by the County Council in March 2018 for the Pension Committee to incorporate the latest and best advice available on environmental, social and governance (ESG) issues when reviewing its policies.

Lorna Baxter responded that it was decided that it would not be cost-effective to undergo a procurement process while assets are being transferred to the Brunel Pension Partnership over a two-year period.

Julie Spragg stated that the group was aware of that argument but noted that there had been no procurement process for the contract now for 12 years.

## **5/19 FINANCIAL MANAGEMENT ACTION PLAN UPDATE**

(Agenda No. 5)

Ian Dyson introduced the report which updated the Committee on seven areas of activity that are to be achieved by the end of March.

Officers responded to issues raised by Members as follows:

- Training is mandatory for cost-centre managers. Further training is being proposed and it will be advocated that this should also be mandatory.
- The improvements are really in back-office systems but everyone, including residents, will see a better service as a result.
- The savings from the transformation programme will be detailed in the January report to Cabinet. A project management approach is being taken and benefits will be tracked.
- The action plan is being monitored through monthly reports, performance reporting and audit reports.

**RESOLVED: to note the report.**

## **6/19 EXTERNAL AUDITORS**

(Agenda No. 6)

Paul King introduced the two reports and asked the Committee to note the risks listed on Agenda Pages 12 to 14. These identify issues that may arise but it does not mean that they will happen. The Auditors are required to give an opinion on how these are reflected in the accounts.

Paul King and David Guest responded to questions from Members as follows:

- The auditors will look at the evidence on the Carillion issue and will come to a view on the probability. The issue is likely to go on for some time.
- The Council can ask for a lower level at which audit differences are reported. All differences are recorded. Items like exit packages will always be scrutinized whatever the level.
- With regard to the pension fund and the points made by Fossil-Free Oxfordshire, the auditors give an opinion on the accounts and look at the Council's arrangements as a whole. They do not see any significant risk in this context.
- All fees have to be agreed with the PSAA (Public Sector Audit Appointments).

Members also asked about Council planning in relation to Brexit. Ian Dyson stated that the Political Group Leaders are getting regular reports. The Council is monitoring information from external advisors, national government, the Local Government Association and the County Council Network. The Local Resilience Forum is studying workforce, supply chain and cohesion issues, working with the NHS and major providers. Generally, Oxfordshire is regarded as being low risk and low impact.

Paul King also updated the Committee on the objection lodged in respect to LOBO loans and confirmed that the auditors will not be upholding the objection.

**RESOLVED: to note the reports.**

## 7/19 INTERNAL AUDIT PLAN PROGRESS REPORT

(Agenda No. 7)

Sarah Cox introduced the report. She stated that the efforts to appoint a new Senior Auditor have so far been unsuccessful and they are making interim plans with support from HR.

The Chairman invited senior officers to update the Committee on actions to deal with the red and orange ratings noted in Appendix 2 of the report.

Nick Graham and Caroline Parker responded to Members questions on GDPR:

- Actions are about three-quarters complete to ensure that, among other things, all training is carried out and that data retention schedules are used.
- The team can ensure that the privacy notices that they know about are updated and chase others they do not know about.
- Updating the information asset register will take about three months.

Nick Graham and Fiona Percival responded to issues on Health and Safety:

- It has been made clear now that training is mandatory – there was a lack of clarity before.
- All managers must complete a one-day course and other staff must complete an e-learning course.
- Records are now complete to show who should be paid the extra supplement for completing first aid training.
- A strong message has been sent to schools regarding the importance of timely reporting of safety incidents.
- It is one of the actions to ensure that managers cascade information.
- All actions are on target for completion by 31 March. None of the outstanding actions are Priority 1.

Kate Terroni and Benedict Leigh responded to Members' questions on Contingency Home Care (CHC):

- Improvements have been made in reporting, now with KPIs and a dashboard for the service. Data can be obtained now within a couple of hours.
- This type of care is more expensive because the cases are more scattered, leading to more travel. Also because the staff involved need to be more flexible – available at short notice.
- It is a particular challenge sourcing care for those with mental health needs.
- Regarding financial assessments, officers are as sure as they can be that the right people are being charged.
- The possibility of dealing with home care in-house is being examined and they are close to reaching a view. A report to Cabinet is expected in March.

The Chairman asked the Internal Auditor to note that the Committee is particularly concerned about the delay in finding a solution to the Back-up and Recovery issue in IT. Sarah Cox stated that one option being investigated did not work out. The problem is that the speed of back-up and recovery is not what it should be.

On the Security Bonds Reconciliation issue Ian Dyson reported that the first stage is complete but the second stage still needs to be signed off. Due process is being followed and he expects an update next week to say that this is concluded.

**RESOLVED: to note the progress with the 18/19 Internal Audit Plan and the outcome of the completed audits.**

## **8/19 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2019/20**

(Agenda No. 8)

Tim Chapple introduced the report and drew Members' attention in particular to the increase the exposure to external funds from £58m to £100m. Also, a one-off gain of £2.9m will be realised by switching a strategic bond fund from an accumulating fund to an income producing fund.

Tim Chapple and Lorna Baxter responded to points raised by Members as follows:

- The borrowing for OxLEP has been in the plan since 2016/17 but is only happening now.
- Business rates in Enterprise Zones are ring-fenced income linked to the Local Enterprise Partnership so there is no impact on other funding.
- Any decisions on early repayment of LOBO loans would be made by the Treasury Management team in consultation with the Cabinet Member for Finance.
- The extra £100m to be spent on Highways is in the Capital Programme. This might involve some internal borrowing.

**RESOLVED: to endorse the Treasury Management Strategy for 2019/20 as outlined in the report.**

## **9/19 WORK PROGRAMME**

(Agenda No. 9)

It was agreed to move the following items from the March meeting to May 2019 meeting:

- Highways Update
- Information Governance
- Oxford Direct Services
- Audit & Governance Committee Annual Report to Council 2018

It was also agreed to start the meeting on 6 March 2019 at the earlier time of 1.30pm.

Members requested an update on the implications for Oxfordshire of the latest situation on Brexit to be circulated to all members of the Council.

An update for Members of the Committee was also requested in relation to a matter that came before the Committee in the past regarding an OCC property lease agreement that had not been renewed and for which the Council was behind in collecting rent.

..... in the Chair

Date of signing .....