

**AUDIT & GOVERNANCE COMMITTEE – 17 JULY 2019**  
**REPORT OF THE AUDIT WORKING GROUP – 26 JUNE 2019**

**Report by Director of Finance**

**RECOMMENDATION**

1. The Committee is RECOMMENDED to note the report.

**Executive Summary**

2. The Audit Working Group met on 26 June 2019 and received updates and reviewed progress in respect of the audits of S106 and Security Bonds. Officers attended the group to provide updates. The group considered an update in respect of the risk management and the strategic risk register. The group also reviewed the arrangements within the Resources Directorate.

**Introduction**

Attendance:

Full Meeting: Chairman Dr Geoff Jones, Councillors: Tony Ilott, Roz Smith, Deborah McIlveen. Observing: Cllr Simon Clarke, Cllr Glynis Phillips.

Ian Dyson, Assistant Director of Finance; Sarah Cox, Chief Internal Auditor; Katherine Kitashima, Audit Manager, Colm Ó Caomhánaigh, Committee Officer, (minutes)

Part Meeting:

Sue Halliwell, Director for Planning and Place, Eric Owens, Assistant Director for Growth & Place, Ben Threadgold, Policy & Performance Service Manager, Steven Jones, Corporate Performance and Risk Manager, Will Harper, Head of ICT (Interim).

**Matters to Report:**

The group discussed Audit & Governance Committee Member's training. It was confirmed that the 1pm session prior to the September A&G meeting has been booked for the annual private briefings that the committee members have with both the Chief Internal Auditor and also the External Auditor.

It was decided that further sessions, utilising the 1pm slot prior to committee meetings would include a) Counter Fraud Training (the invite would be extended to all members) and b) a session with the members of the A&G committee to review the CIPFA Audit Committee Guidance 2018 and complete the self-assessment, which evaluates Audit Committee effectiveness. It was acknowledged that this may identify further areas for training.

### **AWG 19.14 S106 update**

3. A follow up of the 17/18 audit, which had an overall conclusion graded as red was undertaken at the end of 18/19 and finalised in April 2019. The follow up audit concluded that there had not been sufficient progress with the implementation of the original action plan and therefore the overall grading remained as red. The group received an update from the Director on the progress in addressing the weaknesses identified.
4. AWG members expressed their concerns about significant time that has elapsed since these weaknesses were identified and the implications of not addressing them. The group noted the work undertaken to improve the structure and clarify roles and responsibilities. However, recruitment has been very challenging and there is still a lack of management capacity within the service. The procurement of the single response system has been delayed, which is also impacting on the ability to deliver the required improvements. The Director and Deputy Director continue to try and address the issue of the vacant posts and project management support to implement the new IT system is now in place.
5. The group expressed concerns that there was a lack of member engagement in the decision-making process at the early stages of allocating S106. The group suggested to the Director that a general S106 training session, open to all members, would be useful. Which would include an outline of the key processes and member engagement.
6. The Group requested that the Director returns to the October meeting to provide an update on progress with implementation of the required improvements.

### **AWG 19.15 Security Bonds**

7. The February AWG had noted that some actions remained outstanding and requested an update to be provided to the June meeting. The group noted that good progress has been made in continuing to implement the action plan and that officers report that the remaining actions will be implemented within the next couple of months.
8. The group were notified that whilst work has been undertaken within the service to identify cash bonds currently in place, there has been no reconciliation of cash expected to cash actually held by the Council on SAP. Therefore, Internal Audit have been requested to undertake a further probity review of transactions to provide assurance that security bonds, in particular cash bonds, are recorded completely and accurately, that monies received are properly accounted for and that the processes in place for the reduction and return of cash bond monies held are appropriate.
9. Once this work has been completed, this will be reported back to the Audit Working Group, alongside management's confirmation that outstanding

actions have been implemented. It is anticipated that this report will be brought back to the September AWG meeting.

### **AWG 19.16 Risk Management**

10. Officers presented an update on the corporate risk management approach. The group noted the developments in this area, including a new mechanism for monthly Business Management and Monitoring Reports, recommendations from the council's Peer Review and the development of the new draft Risk Management Strategy.
11. The group reviewed and commented on the Strategic Risk Register, noting the ongoing work. The group also reviewed the risk management arrangements in place within the Resources Directorate and reviewed the Resource's risk register, again noting the planned work to ensure consistency of approach across the Resources teams risk management activities. Comments on the risk register were noted and will be considered by officers.
12. As part of the rolling programme for the AWG, the group requested that the Children's risk register be reviewed at the October meeting. (The October meeting is also scheduled to receive the Strategic Risk Register and also an update from Communities).

### **AWG 19.17 Finance Review**

13. A verbal update was provided by the Assistant Director of Finance on the Finance Review. The draft design and structure for the future finance function has been prepared. Next stages will include the preparation of job profiles, job evaluation and a full consultation process with staff. The Finance Review has developed and articulated new ways of working for our core finance functions, improved a selection of processes and undertaken a deep dive into financial management activities undertaken in directorates. Implementation of the new design will include training, improvements to self-service and focus on the embedding of robust financial management. The review has also considered opportunities for joint working of finance activities with Cherwell District Council.
14. A full update will be made to the October AWG meeting and then a paper brought to the subsequent Audit & Governance Committee meeting.

Lorna Baxter, Director of Finance  
Contact Officer: Sarah Cox, Chief Internal Auditor  
June 2019.  
07393 001246      [sarah.cox@oxfordshire.gov.uk](mailto:sarah.cox@oxfordshire.gov.uk)

Date of next AWG meeting Wednesday 04 September 2019 at 14:00