

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 19 November 2014 commencing at 1.00 pm and finishing at 4.00 pm.

Present:

Voting Members: Councillor David Wilmshurst – in the Chair

Councillor Sandy Lovatt (Deputy Chairman)

Councillor Jamila Azad

Councillor David Bartholomew

Councillor Tim Hallchurch MBE

Councillor Jenny Hannaby

Councillor Nick Hards

Councillor Simon Hoare

Dr Geoff Jones*

* added at the meeting on 14 January 2015.

By Invitation: Maria Grindley and Alan Witty (Ernst & Young).

Officers:

Whole of meeting Ian Dyson, chief Internal Auditor; Deborah Miller and Glenn Watson (Chief Executive's Office).

Part of meeting

Agenda Item

Officer Attending

5,10

6

Peter Clark, County Solicitor & Monitoring Officer;
Lorna Baxter, Chief Finance Officer and Greg Stacey
Business Continuity & Resilience Officer;

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Lewis Gosling (Finance)

Maria Grindley and Alan Witty (Ernst & Young)

Glenn Watson (Chief Executive's Office).

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.

54/14 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

An apology for absence was received from Councillor Roz Smith (Councillor Richard Webber substituting).

55/14 MINUTES

(Agenda No. 3)

The Minutes of the Meeting were approved and signed subject to 'Alan Wittey' being substituted with 'Alan Witty' throughout the Minutes.

56/14 GOVERNANCE AND CONSTITUTION REVIEW

(Agenda No. 5)

In April 2013, the Council had adopted new governance arrangements which came into effect following the May 2013 elections. The Council had asked its Monitoring Officer to review the effectiveness of those decision-making arrangements a year after their coming into operation, along with the underlying Constitution. His recommendations would be considered by Full Council on 9 December.

The Committee previously gave attention to this matter in September 2014 but wished to have a more full discussion at this meeting.

The Committee had before them a report (AG5) which highlighted the emerging issues. The Committee previously gave attention to this matter in September 2014 but wished to have a more full discussion at this meeting.

During debate, Members expressed concern over the proposed changes in relation of Transport Education Appeals on the grounds that they believed decisions of that nature should be taken by a democratically elected panel of members and not by officers who could be put under undue personal pressure.

Peter Clark explained that this proposal had been put forward due to the practical difficulties of arranging members to sit on the appeals. In response, Members suggested that the pool of members for appeals could be expanded to allow officers more flexibility when arranging the appeals.

RESOLVED: to endorse the direction of travel of the review subject to expressing strong reservations regarding officers taking stage 2 decisions on Transport Education Appeals.

57/14 CORPORATE GOVERNANCE LEADS - PRESENTATIONS TO AUDIT & GOVERNANCE

(Agenda No. 6)

The Audit & Governance Committee had asked to be given presentations from each of the eleven Corporate Leads that provided assurance on an issue for governance purposes during the year so that they could better understand each area, particularly focusing on the assurance process:

- How Corporate Leads assure themselves (and then directors) that things are well within their areas; and
- How Leads decide that issues need to be mentioned for 'Action'; and
- How leads ensure that their area complies with regulations and the law.

Lorna Baxter, Chief Finance Officer gave a brief presentation on Assurance on Financial Management, outlining the systems, mechanisms and responsibilities in place to ensure internal control, including an annual statement of opinion on the effectiveness of systems and mechanisms, identifying actions to address weakness based on that opinion, or improvements required based on current organisational position and the monitoring and review of any actions required.

In response to questions around financial controls, Mrs Baxter confirmed that all payments had to go through SAP which had detective controls and that although the 6 top officers in the Council had the power to make payments; these also had to go through SAP.

Greg Stacy, County Emergency Planning Officer then gave a brief presentation on Business Continuity & Resilience outlining the Council's formal structures and processes to ensure business continuity arrangements were adequate and healthy including how officers identified issues for action and assured regulatory and legal compliance. He further outlined the aspiration of the Emergency planning team to move to a holistic Business Continuity Management System for the whole organisation to improve coverage and integration.

(Copies of both presentations are attached to the signed copy of the minutes and can be found on the Council Website www.oxfordshire.gov.uk).

Following the presentations the Committee thanked the officers for their informative presentations.

58/14 TREASURY MANAGEMENT MID TERM REVIEW 2014/15

(Agenda No. 7)

The Committee considered a report (AG7) which set out the Treasury Management activity undertaken in the first half of the financial year 2014/15 in compliance with the CIPFA Code of Practice, including Debt and Investment activity, Prudential Indicator monitoring, changes in Strategy, and forecast interest receivable and payable for the financial year.

Lewis Gosling in introducing the report, stated that in the six months to 30 September, the Council had achieved an average in-house return of 0.77%, falling slightly below the budgeted rate of 0.80%. This had produced gross interest receivable of £1.38 million for the period.

The 2014/15 budget for interest receivable was £2.4 million, the forecast outturn of £2.5 million exceeded the budgeted figure by £0.1 million. This increased forecast was the result of higher average cash balances, due in part to the timing of capital and revenue expenditure.

He further reported that the Council continued to prioritise the security and liquidity of cash. All deposits with banks during the period remained restricted to a maximum duration of twelve months. For the period no deposits over twelve months were made with other Local Authorities.

The Council continued to use four pooled funds with variable net asset values. Weighted by value, the annualised return for all funds was 2.15% for the period. These funds are held with a long term view, with performance assessed accordingly.

The report recommended that the 2014/15 Treasury Management Strategy was updated, to increase the limit on investments held in pooled funds from 20% to 30% of the total portfolio value. This would help ensure appropriate diversification and assist in moving away from reliance on unsecured bank and building society deposits. The increase would also continue to ensure pooled funds could be held on a long term basis, without the need to temporarily withdraw funds due to fluctuations in portfolio size.

The performance and diversification of pooled funds would continue to be monitored by the Treasury Management Strategy Team.

The Council's debt financing position to date was shown in Annex 2. In line with the Strategy, no new debt had been arranged during the year.

External debt decreased from £401.4m on 1st April 2014 to £400.4m on 30th September 2014, a net decrease of £1m. Interest payable was currently forecast to be in line with the budgeted figure of £18.2m.

Investment benchmarking for quarter 1 undertaken by Arlingclose was shown in Annex 5. The Council achieved higher than average interest on deposits to 30th June 2014, which was achieved by placing deposits over a longer than average duration with institutions of a better than average credit quality.

In response to questions and comments in relation to paragraphs 24 and 26 of the report around the reform to move away from government support for failing banks and building societies and the potential risks and impact on the Council's borrowing, Lorna Baxter reported issues had been identified and that training by Arlingclose had been set up for members.

RESOLVED: to note the report and to RECOMMEND Cabinet to note the Council's Mid-Term Treasury Management Review 2014/15.

59/14 ERNST & YOUNG - ANNUAL AUDIT LETTER

(Agenda No. 8)

The Committee had before them the Annual Audit letter for 2014/15 for Oxfordshire county Council and for Oxfordshire County Council Pension Fund (AG8). The purpose of the Annual Audit Letter was to communicate to Members and external stakeholders, including members of the public, the key issues arising from Ernst & Young work.

Mr Witty, Ernst & Young outlined the key issues arising from the report as outlined in page 3 of the report, concluding that the report had identified no areas of significant concern or matters which Ernst & Young needed to bring to the Council's attention.

RESOLVED: to consider and receive the Letter.

60/14 AUDIT WORKING GROUP REPORT

(Agenda No. 9)

The Committee considered a report (AG9) which summarised the main business items arising at the most recent meeting of the Audit Working Group on 6 November which were as follows:

Residential and Home support Payment Process
Integrated Transport Unit
Local Enterprise Partnership
Procure to Pay process – Performance Targets
Internal Audit Update

The Audit & Governance Committee noted that in relation to the Residential and Home Support Payment Process staff would be receiving fraud training and a further update would be brought to the Committee in January.

In response to questions around the procure to pay project, Mr Dyson acknowledged that it was important for members to be aware of the changes that had been put in place and that it was important that officers present the key financials and how they will be operated to the Committee.

RESOLVED: to note the report.

61/14 ANNUAL GOVERNANCE STATEMENT - ACTION PLAN PROGRESS

(Agenda No. 10)

The Audit & Governance Committee had approved the Annual Governance Statement for 2013/14 in July 2014. The Statement listed six 'Actions' to be carried out in 2014/15. This Committee had before them a report (AG10) which was the first of three during 2014/15 which would describe progress and any other plans that officers had for each of the Actions outlined in the report.

In relation to page 71 of the report, Mr Dyson undertook to provide Councillor Bartholomew with a detailed written answer on why 240 people had identified themselves as contract managers, but only 114 had validated for one of the contract management training events.

RESOLVED: to note the progress on the Annual Governance Statement Actions.

62/14 OPENNESS OF LOCAL BODIES REGULATIONS

(Agenda No. 11)

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The Government had introduced new Regulations to ensure that members of public were able to report on meetings of local government bodies. This effectively allowed the press and members of the public to film, photograph or record any Council meetings that are open to the public. The Regulations also required a written record to be kept, and reported, of certain decisions taken by officers. The Committee had before them a report (AG11) which summarised the main changes.

A protocol had been produced by officers setting out how the rights to film, record and commentate on meetings will be implemented. This Protocol on Filming, Recording and Use of Social Media at Council Meetings was attached as an Annex, which the Committee was asked to endorse.

The Committee held a lengthy debate about the regulations and how they should be interpreted. It was felt that the protocol set out in the Annex was too restricting and did not accurately reflect the essence of the new regulations.

During debate, *Councillor Bartholomew moved and Councillor Hoare seconded (supported by Councillor Hannaby)** that the Committee note the changes brought about by the regulations, but reject the need for a protocol which is in any case not legally enforceable.

The motion was put to the vote and it was:

RESOLVED: (by 7 votes to 2) to note the changes brought about by the regulations, but reject the need for a protocol which is in any case not legally enforceable.

*Wording in italics agreed at the meeting on 14 January 2015.

..... in the Chair

Date of signing 2015