

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 9 November 2016 commencing at 2.00 pm and finishing at 3.50 pm

Present:

Voting Members: Councillor Sandy Lovatt – in the Chair

Councillor David Wilmshurst (Deputy Chairman)
Councillor David Bartholomew
Councillor Tim Hallchurch MBE
Councillor Nick Hards
Councillor John Tanner
Dr Geoff Jones
Councillor Patrick Greene (In place of Councillor Yvonne Constance OBE)
Councillor Jenny Hannaby (In place of Councillor Alison Rooke)

Non-voting Members: Dr Geoff Jones

By Invitation: Paul King and Alan Witty (Ernst & Young)

Officers:

Whole of meeting Lorna Baxter, Chief Finance Officer
Ian Dyson, Assistant Chief Finance Officer (Assurance)
Colm Ó Caomhánaigh, Committee Officer

Part of meeting

Agenda Item	Officer Attending
6	Graham Shaw, Deputy Director – Transformation
8	Donna Ross, Strategic Finance Manager - Treasury Management & Banking
9,10	Sarah Cox, Interim Chief Internal Auditor

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 and reports, copies of which are attached to the signed Minutes.

61/16 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were received from Councillor Alison Rooke (Councillor Jenny Hannaby substituting), Councillor Yvonne Constance (Councillor Patrick Greene substituting) and Councillor Roz Smith.

62/16 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest.

63/16 MINUTES

(Agenda No. 3)

The minutes of the meeting of 14 September 2016 were amended under Item 51/16 with the insertion of the final text of the resolution. The minutes were approved as amended and signed.

Councillor Bartholomew asked in relation to minute item 50/16 "Presentation by the Director for Transformation" if there was any information as to why the Interim Director for Transformation left the Council shortly after delivering this report. Councillor Tanner asked if a new director will be appointed. The Chairman responded that this matter should be dealt with at the meeting of this Committee on the 14 December 2016 when the Senior Management Review will be discussed.

64/16 UPDATE ON FINANCIAL CONTROL IMPROVEMENT PLAN

(Agenda No. 5)

The update was introduced and summarised by Mr Dyson. The Financial Control Improvement Plan was now incorporated into the "Driving Business Efficiencies" work stream within the Transformation Programme. Work is on-going and there will be a workshop on 15 November aimed at checking the consistency of webpages across both the Internet and Intranet websites.

The budget monitoring and financial reporting processes were being reviewed and a concept paper will go before the County Council Management Team (CCMT) with a trial expected to start soon. The administration of payments was also being looked at with a view to streamlining the different areas.

In response to questions Mr Dyson made the following additional points:

- The review of policies and financial regulations was just about to start. A resource had now been identified to carry out the work and was engaging with the Governance team.
- In relation to duplicate payments there were now regular monthly reports including statistics on collections rates for example. There is an issue with the accuracy of aged debtor reports which needed a technical fix.

- Mr Dyson leads the project and reports to the Financial Leadership Team and the Business Efficiencies Board which met for the first time this week.
- In relation to the review of forecasting, budget monitoring and financial reporting, it was hoped to run a pilot project in Q4 and then implement it in the new financial year.
- Bank accounts are being reviewed in order to reduce the number being maintained. There are too many Council bank accounts – over 1,000 including schools. There are controls on them – access is limited to certain people – but some should no longer be required. They were working through the list to check.
- Extra resources could be needed short-term but it would have to be on the basis of investing to save.

RESOLVED: that the Committee noted the report.

65/16 UPDATE ON TRANSFORMATION

(Agenda No. 6)

Mr Shaw introduced the report. He drew particular attention to the diagram on page 26 of the Agenda which summarised the organisation of the Transformation Programme. The Transformation Programme Board had met once so far. As it includes senior officers and the Deputy Leader of the Council it carries a lot of weight.

ICT is centrally involved. There is a need to consolidate the ICT activities of different departments and do more with management of the data the Council holds. While as much as possible will be automated, the continuing need for telephone support and face-to-face contact in community hubs was recognised.

Councillor Bartholomew raised a further question with regard to the departure of the Director of Transformation and Mr Dyson confirmed that he was not aware of any further issues that the Committee needed to be made aware of.

Mr Shaw responded to questions from members of the Committee:

- Mr Shaw now leads the programme, while retaining responsibility for libraries, ICT and customer service. The programme is driven by the whole senior management team.
- Although the term 'customer' was used a lot in documentation, some Members preferred the terms residents, businesses etc.
- With regard to programme management, a single PM Office will be established for the Council to further strengthen governance and financial control.
- It is expected that two further work streams will be created: Partners and Properties.
- Libraries are already providing some support to those who need assistance with IT.

RESOLVED: that the Committee noted the report.

66/16 EXTERNAL AUDITORS

(Agenda No. 7)

Mr King introduced the Annual Audit Letter. He described it as a high level summary of a more detailed report which the Committee had already seen. He particularly drew the Committee's attention to the relevant audit issues for the future on page 46 of the Agenda.

Asked about the objection received on the Council's LOBO loans, he responded that the Council had provided information in response to EY's initial request and that it was expected that they would complete their review of this information by the end of November. It was difficult to estimate the fee for dealing with this as due process must be followed given that dealing with an objection was an exercise of one of the auditor's statutory roles. EY was being proportionate in dealing with similar objections at a number of their councils, for example the same team carrying out the review of initial information at several councils.

Asked to comment on the new requirement to include highways assets in Council accounts, Mr King said that it was not something that auditors had sought. The figure will have to be an estimate and evidence will be needed to support it.

In relation to how the auditors deal with Council partners, Mr King said that they looked at the arrangements made with the partners and checked for any risk. Naturally, financial contributions made by the Council to partners are recorded and included within the Council's Statement of Accounts.

RESOLVED: that the Committee noted the report.

67/16 APPOINTMENT OF EXTERNAL AUDITORS

(Agenda No. 11)

The Chairman explained that he added this item to the agenda in order to ensure that the Committee had an opportunity to discuss it before it came before the Council meeting on 13 December 2016.

Mr Dyson introduced the report and reminded the Committee that they had previously favoured the sector-led body option but had asked for more information on comparative costs. It was estimated that running a local procurement process and an independent audit panel would cost around £15,000.

A National Scheme had been established as outlined in Annex 1. Officers favoured this scheme. The Council must decide and a full report will be produced for its meeting on 13 December 2016.

Dr Jones noted, in the timeframe outlined, that the consultants would be appointed before the fees were known. Ms Baxter responded that it would be expected that the pooling system should result in lower fees. Dr Jones accepted that there was a consultation process on the fees as a safeguard.

RESOLVED: that the Committee agreed for the Chairman of the Committee to present a report to The Council on 13 December 2016, recommending opting in to the National Scheme for the appointment of External Auditors.

68/16. TREASURY MANAGEMENT MID TERM REVIEW

(Agenda No. 8)

Ms Ross presented the report which set out activities for the first half of the year. She pointed out that no new debt financing had been arranged during the year. One LOBO loan had been converted to fixed rate by Barclays.

Asked if depleting reserves meant that the Council would no longer be able to borrow internally – for example if a LOBO lender decided to increase their rate, Ms Ross responded that they were not currently borrowing internally but had the reserves to do so if necessary. The policy on LOBO loans was to exit on any rate rise.

RESOLVED: that the Committee noted the report.

69/16 AUDIT WORKING GROUP REPORT

(Agenda No. 9)

Ms Cox delivered the report and made the following main points:

- All management actions agreed within the Internal Audit Report of Safeguarding (Transport) 14/15 have been implemented.
- A specific risk was noted regarding the Children’s Homes build and this was being reviewed as part of a sample for the Internal Audit of the Capital Programme.
- The Deputy Director of Adult Social Care updated the group on actions to date regarding the red rating for Mental Health in a recent audit. There will be a meeting with Health and the next AWG meeting will review the outcomes of that.

Dr Jones added that the issues in Mental Health will be difficult to resolve. Ms Cox responded that close working between OCC and Oxford Health would be critical to ensuring the improvements can be delivered.

RESOLVED: that the Committee noted the report.

70/16 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

(Agenda No. 10)

The Committee agreed the Committee’s work programme for 2017.

..... in the Chair

Date of signing 200