

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 12 September 2018 commencing at 1.30 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 Ian Corkin
Councillor Charles Mathew
Councillor D. McIlveen
Councillor Les Sibley
Councillor Roz Smith
Dr Geoff Jones
Councillor Glynis Phillips

Non-voting Members: Dr Geoff Jones

By Invitation: Paul King, Ernst & Young
James Doble, Assistant Director: Law and Governance
and Monitoring Officer, Cherwell District Council
Claire Taylor, Business Transformation Manager,
Cherwell District Council

Officers:

Whole of meeting Lorna Baxter, Director for Finance; Nick Graham,
Director for Law and Governance; Ian Dyson, Assistant
Chief Finance Officer (Assurance); Sarah Cox, Chief
Internal Auditor; Colm Ó Caomhánaigh, Committee
Officer.

Part of meeting

Agenda Item	Officer Attending
9, 11	Glenn Watson, Principal Governance Officer
10	Richard Webb, Head of Community Protection Services

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 schedule, copies of which are attached to the signed Minutes.

1/18 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

There were no apologies.

It was agreed that Councillor D McIlveen will take the vacant position on the Audit Working Group.

2/18 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest.

3/18 MINUTES

(Agenda No. 3)

The minutes of the meeting of 25 July 2018 were approved and signed.

4/18 UPDATE ON THE FINANCIAL MANAGEMENT ACTION PLAN

(Agenda No. 5)

Lorna Baxter made a presentation on the Financial Management Action Plan to update the Committee on progress. Members raised various issues and officers responded as follows:

- The 19 Members who were sent the questionnaire on organisational financial management were members of the Cabinet and Committees. This Committee can still input into that assessment.
- There were no surprises in the feedback. The comments were a fair reflection on the situation. The questionnaires were confidential but some feedback could be shared with the Committee.
- The actions will be tracked for completion and there will be a follow-up questionnaire after a suitable period.
- Interviews could be arranged with Members who found the questionnaire too daunting.
- It is expected that restructuring will mostly involve realigning teams to better reflect how the Council works.
- Regarding governance of the implementation of the proposed new operating model, a Members' reference group is envisaged with regular reporting to this Committee.
- Officers are confident of the savings in the business case but further savings will depend on the appetite of the Council for more.
- The implementation costs of £18m are a broad brush figure that needs further work.
- There will be separate reporting of the Capital Programme now that it has become more significant.

5/18 INTERNAL AUDIT PLAN - PROGRESS REPORT

(Agenda No. 6)

Sarah Cox introduced the report and responded to Members' questions as follows:

- The recruitment of a replacement Senior Auditor will commence shortly. The previous secondment of the Senior Auditor and the chargeable audit days lost to this is being covered by an external internal audit agency BDO.
- On counter-fraud, the City Council had been providing an investigation service and will now take on management of data matches, logging and monitoring of referrals and improving communications. Officers agreed that there was scope for countywide operations involving the district councils too.
- The green rating for the risk area "Case for Change" on Agenda Page 22 relates to overall governance. The audit identified that governance of the transformation programme had significantly improved since the period up to December 2017.
- The actions under Payments to Providers on Agenda Page 24 are not due for implementation now. The problem with payments is on timeliness. There are too many steps. A Pathways and Process Group is identifying the blockages. Lessons will be learned from this when introducing a system for children's services.
- The issues for HR and procurement in regard to the transformation working groups relate to documenting everyone's role. The Director of HR is on the Resources Working Group. Representation of Procurement on the Resources Working Group is being reviewed.

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

6/18 EXTERNAL AUDITORS

(Agenda No. 7)

Paul King introduced the Annual Audit Letter which is largely a summary of the audit result report. He drew attention to the new standards that will have to be introduced, outlined on Agenda Pages 42 and 43. The leasing standard will have an impact.

Members welcomed the more compact report format. Paul King responded to issues raised as follows:

- The main issues involved in valuation of land and buildings are depreciation, existing use and market value.
- Reference is made to codes and guides and they can involve E&Y's own valuers if necessary. The last time that they had to do that was with the Oxfordshire Museum in 2016/17 and they were happy with the Council's evaluation.
- The issue regarding Accounting for Service Concessions on Agenda Page 34 related to external provision of care homes. This is a legacy issue from the 2016-17 audit and the external auditors are happy with the accounting changes introduced by the Council in 2017-18.
- The unadjusted misstatement referred to on Agenda Page 33 relates to a difference between the estimated values of Pension Fund assets forecast at the end of December and the actual figures available at the end of March. This is

therefore a timing difference in the availability of information, and does not reflect any error or omission on the part of either the actuary or Council officers. The £14.3m difference is not material.

RESOLVED: to note the Annual Audit Letter.

7/18 JOINT WORKING ARRANGEMENTS WITH CHERWELL DISTRICT COUNCIL: GOVERNANCE ARRANGEMENTS

(Agenda No. 8)

The report and accompanying documents were introduced by Nick Graham. The Partnership Working Group (PWG) will look at services that could work together between the Councils. Cabinet will make the final decisions. In response to suggestions from the discussion at the July Audit & Governance Committee meeting on the Protocol for Conflicts of Interest, provisions have been introduced for 'dual hat' councillors.

Nick Graham along with James Doble and Claire Taylor from Cherwell District Council responded to Members' questions as follows:

- A correction was noted in paragraph 14 of the report that the Joint Personnel Committee should have five members from each council.
- The OCC members of the PWG will not all be from the Cherwell area and the committees will be politically balanced.
- There will be no changes for shared staff in terms of who pays them but the Councils may share the costs of employment.
- There will still be two councils. Sharing services is really a management issue. There will be a review after 6 months of the joint arrangements.
- Although the Liberal Democrats have no rights to a voice at Cabinet meetings, they will have a Member on the PWG. Councillor Ian Corkin, Cabinet Member for the Cherwell Partnership, also offered to work in an open way to draw on the experience of backbenchers.
- The stipulation of a quorum of 4 for an Appeals Panel meeting will be reviewed as it has been suggested that 3 should be the maximum that an employee should have to face on such a panel.
- It was agreed that the wording of the first bullet point under Joint Appeals Panel was not clear and needs to be reviewed.
- It was also agreed that the title of the Joint Personnel Committee could be misleading.
- The financial split of the costs of the Chief Executive will not be scientific but must have some regard to the respective sizes of the councils.

It was agreed to defer recommendation c) and amend g) to refer only to the documents approved by the Committee.

RESOLVED:

- a) To note the agreed Section 113 Agreement (Annex 1);**

- b) To note the agreed Terms of Reference for the Partnership Working Group (at Annex 2);
- d) To note and endorse the 'Roles of Members and Officers and Dealing with Conflicts of Interest' Protocol (including the Ethical Walls Procedure appended to it) (Annex 3);
- e) To note and endorse the 'Chief Executive Protocol' at Annex 3 of this report;
- f) To agree regularly to monitor the operation of the 'Roles of Members and Officers and Dealing with Conflicts of Interest' Protocol (including the Ethical Walls Procedure appended to it) as at Annex 3 of this report;
- g) To delegate authority to the Monitoring Officer to make any further minor adjustments to the approved documents and to make the necessary changes to the Council's Constitution.

8/18 LOCAL GOVERNMENT OMBUDSMAN - ANNUAL REVIEW REPORT

(Agenda No. 9)

Nick Graham and Glenn Watson introduced the report. The number of complaints against the Council is low and only 7 out of 40 were upheld in 2017/18. Most of the complaints relate to adult and children's care services which tend to involve highly complex issues. It is intended to bring the LGO in to give training to staff, starting with the adult services section.

Officers responded to Members' questions as follows:

- The whole question of how members of the public contact the Council, whether online or in other ways, is being reviewed as part of the transformation programme. Officers are confident that all contacts made under the formal complaints process are responded to.
- Asked why no apology is mentioned as a remedy in a couple of the upheld complaints listed, officers explained that the "Remedy" column in paragraph 14 of the report details what the LGO recommended as a response.
- Complaints are reviewed quarterly by the Council to identify any lessons that might be learned.

RESOLVED: to note and comment upon this report and on the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2017/18.

9/18 COMPLIANCE WITH THE REGULATION OF INVESTIGATORY POWERS ACT 2000 AND USE OF ACTIVITIES WITHIN THE SCOPE OF THIS ACT

(Agenda No. 10)

Richard Webb introduced the report. All three authorised surveillance operations related to the sale of illegal tobacco. There was one potential breach when an officer undertook surveillance without appropriate authorisation in a social care case. This

was reported to the Commissioner's Office and managers were reminded of the RIPA requirements.

Officers responded to Members' questions as follows:

- When breaches of tobacco licenses are discovered the usual sanction is a licence review with more conditions imposed.
- When successes are achieved, such as the seizure of over 30,000 illegal cigarettes in the last few months, the Council issues press releases and tried to get as much publicity as possible.

RESOLVED to:

- (a) Consider and note the use of activities within the scope of the Regulation of Investigatory Powers Act by the Council and actions taken to address the outcome of the Office of Surveillance Commissioners report, and**
- (b) Note the revised Policy document at Annex 1 and to comment on any changes to the Policy for Compliance with the Regulation of Investigatory Powers Act 2000 that the committee would wish the Monitoring Officer to consider.**

10/18 MONITORING OFFICER ANNUAL REPORT

(Agenda No. 11)

Nick Graham introduced the report which included information on call-ins, election guidance issued and a submission on ethical standards.

Members noted that the submission identified a number of changes that could be made to the local Members' Code of Conduct without having to wait for central government action. Nick Graham responded that all of the councils in the county share the same Code of Conduct and he had an initial discussion about the proposed changes in a meeting of the Monitoring Officers recently.

RESOLVED: to endorse the report.

11/18 AUDIT WORKING GROUP REPORT

(Agenda No. 12)

Sarah Cox introduced the report. The group received a progress report on Fostering and were satisfied with the action being taken to address weaknesses that had been identified. The next meeting of the working group in October will include a discussion on the implementation of the new Children's Services IT system.

RESOLVED: to note the report.

12/18 WORK PROGRAMME

(Agenda No. 13)

The following changes were agreed:

to add a discussion with Skanska to the meeting on 14 November.

to add an item on Information Governance to the meeting on 6 March 2019.

..... in the Chair

Date of signing