

## **AUDIT & GOVERNANCE COMMITTEE AUDIT & GOVERNANCE COMMITTEE**

**MINUTES** of the meeting held on Wednesday, 18 September 2024 commencing at 1.00 pm and finishing at 3.55 pm

**Present:**

**Voting Members:** Councillor Ted Fenton – in the Chair

Councillor Roz Smith (Deputy Chair)  
Councillor Felix Bloomfield  
Councillor Jenny Hannaby  
Councillor Charlie Hicks  
Councillor Nick Leverton  
Councillor Ian Middleton  
Councillor Glynis Phillips  
Dr Geoff Jones

**Non-Voting Member** Dr Geoff Jones

**Officers:**

Whole of meeting Lorna Baxter (Executive Director of Resources & Section 151 Officer), Anita Bradley (Director of Law and Governance and Monitoring Officer ), Sarah Cox (Chief Internal Auditor), Paul Grant (Head of Legal), Shilpa Manek (Senior Democratic Services Officer) and Mohamed Cassimjee (Democratic Services Officer)

Part of meeting Tim Chappel (Treasury Management), Jody Kerman (Head of Trading Standards), Lisa Lyons (Director Children Services), Victoria Baran (Deputy Director Adult Social Care), Peter Lundy (County Health and Safety Manager), Stephen Reid (Ernst and Young)

*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.*

Apologies received from Councillor Bob Johnston.

**1/24 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE**

(Agenda No. 2)

None

**1/24 MINUTES**

(Agenda No. 3)

The Deputy Chair Cllr Roz Smith drew attention to Agenda item 13 that dealt with Constitutional Changes from HR. The Cllr indicated that a report should be provided in the future reflecting delays in the process as well as the financial implications.

Resolved: that the minutes of the meeting held on 18 September 2024 were agreed as an accurate record and signed by the Chair.

**1/24 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

There were none received.

**1/24 TREASURY MANAGEMENT QUARTER 1 PERFORMANCE REPORT 2024/2025**

(Agenda No. 5)

The Treasury Manager introduced the report. The officer indicated the following:

Throughout this report, the performance for the first quarters of the year to June 2024 was measured against the budget agreed by the Council in February 2024. As of 30 June 2024, the County Council's outstanding debt totalled £284m and the average rate of interest paid on long-term debt during the year was 4.39%. During the three months to 30 June 2024 the County Council achieved an average in-house return of 5.01% on average cash balances of £466.871m, producing gross interest receivable of £5.829m. The return for the three months was £0.527m, which brought total investment income to £6.356m. This compared to budgeted investment income of £4.437m, which gave a net overachievement of £1.919m.

In response to Council Members the following was noted:

- Regarding the discrepancies in the figures, it was an error and should have read minus 10 and not 10. There was one debt paid in July 2024, hence it was minus 10.
- Corrections will be made to the £513.17 million for the next meeting.
- In terms of the County Council's debt as of 30 June 2024, the County Council had not taken on any debt since 2010.
- Most of the debt that had matured had been on a higher rate therefore the average debt rate was now lower.

- The loans making up debt total were all historic and tended to be long term for up to 50 years.
- The Cash balances for the year are forecasted to be lower as a result of the negative Dedicated Schools Grant (DSG) balances that related to High Needs. The DSG balance for the end of 2024/25 which is the cumulative figure was forecasted to be £83.50m which was also the correct figure.
- Under the investment portfolio, the 5.01% that was achieved in the quarter was 95% made up from other local authority loans. Some authorities are cash positive like Oxfordshire County Council and others are borrowers.
- In terms of risk, if some councils fail financially their assets and liabilities would be moved over to whichever council took over. There was no risk of losing a deposit.
- The County Council was protected by the 2003 Local Government Act regarding the failure of councils
- In terms of the override, if the investments were in negative territory on the balance sheet date, from 2025/26 the deficit would need to be taken to the revenue account.
- However, a £5million pound reserve had been created to fill the gap in the revenue account should it be required, as it is ring fenced for that purpose.
- The forecasted debt as of 31<sup>st</sup> March 2025 is £513.71million, was not a fixed figure and depended on the delivery of the capital programme and the size of the capital financing requirement.
- The County Council is not planning to take any more external debt but would be using the cash balances to pay for capital in the present and refinance it later with external debt.

**RESOLVED that the council's treasury management activity at the end of the first quarter of 2024/25 be noted.**

## **1/24 MONITORING OFFICER ANNUAL REPORT**

(Agenda No. 6)

The Director for Law and Governance and Monitoring Officer Monitoring Officer presented the report and indicated the following:

All members of the Audit and Governance Committee(AGC) and the Monitoring Officer had the responsibility to promote high standards of conduct by Members and Co-optees across the County Council. The Code of Conduct forms the basis for the Monitoring Officers' actions. The Independent Persons supported the Code of Conduct on the complaints process and importantly provided support to the Monitoring Officer in the work being undertaken. The Independent Persons were up for reappointment and a recruitment campaign was being undertaken and interviews will be conducted in due course. A proactive approach was also being taken by the Monitoring Officer in the event of concerns. It was important to note that a complaint made does not necessarily mean it was substantiated. The Monitoring Officer encouraged Members to look at their interests and to make declaration of interests in a timely way. There was a plan to also continue the work done on the constitution review and a series of items would be put to a group of cross-party Members working on constitutional amendments. Nominations were being awaited from

Members, but the process will commence.

In response to Council Members the following was noted:

- In terms of the Freedom of Information Act the number of requests had increased not only in number but complexity.
- In terms of the transparency around urgent decisions which are outside the normal process, they were taken in terms of the constitution and a specific process was followed.
- Decisions on items that effect divisions and Members had become an issue that would require further consideration and would need to be built into the Monitoring Officer's report next year.
- In terms of the engagement from the public, statistical figures were used as the political representations relate to political matters or Member matters that Members needed to decide upon.
- The Monitoring Officer would consider an approach that was more useful and not only consider statistics in terms of public representation.
- Matters that impact on Members constituencies, will be considered by the Monitoring Officer to ensure Members were kept informed by Officers.
- In this regard it was recalled that a motion was passed by the Full Council that requested officers keep local members in their divisions aware of relevant and major developments. A request was made to send the information early, as that would assist Members.
- In the Children's directorate there was a reduction of complaints which was positive.

**Resolved that the Committee considered and endorsed the report.**

## **1/24 RIPA POLICY**

(Agenda No. 7)

The Director for Law and Governance and Monitoring Officer introduced the report, and the Head of Trading Standards presented the technical aspects and indicated the following:

The report was a review of the Regulation of Investigatory Powers Act 2000. The responsibility of the Audit and Governance Committee (AGC) was to view it from a Members perspective, including the application thereof. The RIPA Act and the legal framework that supported the Act allowed for Covid surveillance to be lawfully undertaken by the authorities. An inspection was conducted by the Investigatory Powers Commissioner's Office (IPCO) at the end of 2023, and it was found that all requirements were being met by the County Council and no further inspection was required until 2026. In terms of the use of the powers in the last financial year the powers granted related to the test for underage purchasing of vapes. It was one authorisation which allowed for 14 premises to be visited and to have test activity take place, of which there were two sales of vape to a child.

In response to Council Members the following was noted:

- There were a number of considerations, and the safeguarding of young persons was paramount.

- A proper briefing will be made to a young person by a police officer after observing the premises on what exactly needed to be done. The young person's purchase was observed by the police officer, which was the basis for the RIPA authorisation
- During the covert visits by the police officers, businesses were encouraged to challenge any person who looked under 25 on an age restricted product, which is not for sale to persons under 18.
- The process of seeking approval from Magistrates was not slowing down the process and provided a valuable oversight mechanism.

**Resolved that the Committee:**

- a) Noted the Policy for Compliance with the Investigation of Regulatory Powers Act 2000 included in the annex of the paper and commented on any changes to the policy that the committee would wish the Director of Law & Governance and Monitoring Officer to consider.**
- b) Considered and noted the use of any activities within the scope of the Regulation of Investigatory Powers Act by the Council.**

**1/24 REFORMS TO CLEAR BACKLOG IN LOCAL AUDIT**

(Agenda No. 8)

The Executive Director of Resources and Section 151 Officer presented the report and indicated the following:

In February 2024, the Department of Levelling Up, Housing and Communities (DLUHC) as it was known issued a consultation with the aim of clearing the backlog of local audits in England. The new government took the matter seriously and before going on the summer recess was able to issue a statement to Parliament setting out the proposals for addressing the local government audit backlog, although with minor amendments. The proposals related to five years' worth of audits, for 2022/23 and years prior to that, and the subsequent four financial years to allow the system to catch up. It should be noted that in support of local bodies and auditors there was a commitment that there will be extensive communication in relation to the disclaimed and modified opinions. The reason being that it was not the fault of local authorities that the accounts had not been signed off, together with the introduction of backstop dates which were beyond the local authorities' control. The approach that is to be prioritised by Ernst and Young would be to finalise value for money for accounts of 2022/23 and to complete the process of disclaimed audit opinions up to 2022/23, by end of November 2024. In relation to 2023/24 the expectation was that they would be completed audits for areas where draft and financial statements were published by 31<sup>st</sup> July 2024, and where the audit work had been undertaken.

In response to Council Members the following was noted:

- Local authorities could be judged by Members and the general public without a proper understanding of the context of the challenges, with the process unfairly deemed to be not satisfactory.
- It was clarified that the County Council would not be breaching any government rules in respect of the audits.
- The reason for not meeting the 31May 2024 deadline for two years was due to the accounts being in the process of being audited, as well as the opening balances not being confirmed.
- In going forward the deadlines will be achieved because the deadline had been extended to June 2024.
- The work on the final accounts for 2023/24 would start in February 2025 which would allow time to complete the workload.
- Further assistance would be rendered through ensuring audit firms had the capacity to deliver on the audit.
- The second issue was that not only would the 2023/24 accounts have included a disclaimer, but the opening balances for 2024/25 and 2025/26 would also have a disclaimer.
- The opening balance 2023/24 would be the opening balance for 2024/25 and effectively the closing balance for 2024/2025, which means the 2025/2026 accounts would be up to date.
- The issue in relations to highways infrastructure assets in 2022 was that a temporary statutory override was put into place. The position going forward is uncertain as the statutory override cannot continue indefinitely.

**Resolved that the Committee:**

- a) Noted the update on the arrangements that the government intended to put in place to address the local audit backlog in England.**
- b) Noted the approach that EY LLP intended to take to the audit and reporting on the council's accounts for 2022/23 onwards.**

**1/24 LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN'S ANNUAL REVIEW REPORT**

(Agenda No. 9)

The Director of Law and Governance and Monitoring Officer supported by the Deputy Director of Adult Social Care and the Director of Childrens Services presented the report and indicated the following:

Each year the Local Government and Social Care Ombudsman (LGSCSO) issued an Annual Review Report about each County Council. This related to the complaints made to the LGSCO about the County Council for the year 2023/24. The Ombudsman's Annual Letter came under the statutory framework of the Local Government Act 1974 and established the duty to investigate Tier 1 and Tier 2 local authorities but excluded the parish councils. The Ombudsman provided guidance and advice on good administrative practice. They looked at the trends and the message for Oxfordshire as reflected by the complainants which was also

experienced nationally. In this regard the strain in the services of Special Educational Needs and Disability (SEND) and issuing of Education Health and Care Plans (EHCP) were recognised and highlighted. These included the issues families faced in obtaining support and actions that were needed. Training was being undertaken and work was being done across the County Council to emphasise the need to remedy the situation, and to prevent the matter being converted into a complaint. It is noteworthy that there were fewer referrals to the Ombudsman and that those that are being sent, did not necessarily meet the criteria for investigation.

In response to Council Members the following was noted:

- In determining if the complaint system was working it will to be done on a case-by-case basis.
- The situation was being addressed in stabilising children's services. The reports related to complaints that originated almost 3 years ago and as far back as 2019. Improvements would therefore be seen in future reports based on the work being done.
- Regarding strategy and operation, if it was a strategic failure, it would be reflected in the Annual Review Report as occurred during Covid 19. The present Annual Review Report did not identify any strategic failure.
- The report was positive for the County Council because the best was done to reduce issues that related to SEN.
- In terms of the 22 complaints, an increase had been detected in the numbers referred to the County Council for resolution or have been closed after initial enquiries which also reflected that the resolution was satisfactory and within the expectations of the Ombudsman.
- Regarding complaints that were made and the most effective response that was required, the County Council was trying to ensure that complaints were dealt with early, which would lead to improvements going forward.
- In terms of the total amount of money spent on redress over a period of 3 sets of financial years from both the County Council and Ombudsman perspective, that figure was not contained in the present County Council report but could be provided.
- The report reflected the complaints received and how they were dealt with, and the new government has recognised the increase of concerns on SEN delivery.
- In terms of vexatious complaints, it was a very high threshold to reach, but numerous repeated complaints, which were received were dealt with.

Councillor Charlie Hicks arrived at the meeting at 14:32 pm

The Deputy Chair thanked the team who had prepared the report.

**Resolved that the Committee received and commented on the Local Government and Social Care Ombudsman's Annual Review of Oxfordshire County Council for 2023/24, and the work undertaken by the Council regarding its handling of complaints.**

## **1/24 AUDIT WORKING GROUP UPDATE**

(Agenda No. 10)

The Chief Internal Auditor and the Chair of the Audit Working Group presented the report and indicated the following:

The were audits for Purchasing Cards, Health Funded Payments and Payment to Providers. Under Purchasing Cards, the audit identified that a significant amount of VAT was potentially not being coded correctly by cardholders resulting in unclaimed VAT. Good progress had been made in respect of the audit on Purchasing Cards and the remaining management action are due for completion by the end of September 2024. In terms of the Internal Audit of Health Funded Payments, it was noted that there had been an issue with overpayments being made to providers on behalf of the Integrated Care Board (ICB) for some clients that had died. In this regard the payments team were in the process of recovering the overpayments. Progress had been made to address and implement four of the agreed management actions with work in progress for the remaining four. In terms of the Internal Audit of Adult Payments to providers, weaknesses were highlighted by the audit in relation to the accuracy of the provider portal uploads made by providers and oversight of the Guaranteed Minimum Volumes. The remaining two management actions were in the process for completion by end of September 2024. Two reports are scheduled for the next meeting namely, Legal Case Management and Supported Transport 2023/2025. The Members were satisfied with the progress made.

The Chair called for nominations to the Audit Working Group (AWG) and the following was noted:

- All members of the Audit and Governance Committee (AGC) could attend although those who are not Members of the AWG could attend as observers.
- Members for the AWG needed to also nominate substitutes
- Members nominated to the AWG were, Cllr Ted Fenton, Cllr Roz Smith, Cllr Jenny Hannaby, Cllr Glynis Phillips and Co-optee Geoff Jones as the Chair.
- Cllr Charlie Hicks was appointed as a substitute for Cllr Glynis Phillips.

**Resolved that the Committee noted the report.**

## **1/24 HEALTH AND SAFETY ANNUAL REPORT**

(Agenda No. 11)

Paul Lundy, Health and Safety Manager presented the report and indicated the following:

The report contained an overview of performance and the work done by the health and safety team. On the positive side, the County Council had signed up to the Unison Charter to end violence at work. This was important in areas such as adult social care, as workers may be subjected to a threat of violence and assault. A lot of work had been done on personal safety with investments in technology to help support social workers when they are working alone. In terms of noise vibration, it



was an area that the Health and Safety Executive (HSE) had focused on in terms of enforcement, and the County Council worked closely with fire and rescue staff who are at risk to ensure they have all the protective equipment. The goals were to continuously improve and to monitor areas of concern to try and further bring down the figures. Clearly the main trend reflected successes as the County Council had directed resources to where there had been the greatest risks.

In response to Council Members the following was noted:

- Swimming was part of the curriculum, but the Health and Safety Executive (HSE) was not aggressively monitoring it. The County Council was working on ways to support schools in terms of logistical challenges that are being experienced with service providers. It was a challenge nationally.
- The swimming issue was not only a health and safety issue, but also an educational issue, and the matter would be raised with colleagues responsible for education.
- In terms of the fire and rescue services most issues relate to minor vehicle accidents, and driving programmes were also instituted to assist with any driving training that was required. A discussion would be held with the team to view the figures and to determine measures that could be taken.
- Toners being used in photocopiers could be a health risk if used in a confined area. The printers are checked by a specialist print industry, but the issue will be followed up.
- Fire and safety uniforms had become a national issue because of the growing concern around electrical vehicle technology (EV) risks.
- The issue of mental health was an important part of the support provided to fire fighters and this was also being used in relevant parts of the County Council.
- In terms of health and safety inspections, schools in Oxfordshire had a good reputation.

**Resolved: that the Committee noted and accepted the contents of the Health and Safety (H&S) Annual Report and the work of the H&S Team to support services and improve performance and keeping employees and customers safe.**

## **1/24 INTERNAL AUDIT 2023/24 - PROGRESS REPORT**

(Agenda No. 12)

The Chief Internal Auditor presented the report and indicated the following:

In terms of human resource capacity, the senior auditor started in June 2024, which was positive. The new audit apprentice had also started. An important development was that one of the principal auditors that supported the audit management activity would return to work in October 2024.

In terms of delivery of the audit plan, there was no cause for any concern and 4 audits had been finalised thus far, with a few more in the pipeline. Regarding audits

that had been finalised there were no red reports, which was positive. In terms of the management actions implemented, which was another area of interest, it remained positive. A massive implementation of a new upgrade to the software was also completed

In monitoring changes to implementation dates, that process was started to see how many times they were being moved along which provided useful information to the leadership teams. The only two reports outstanding namely, Legal Case Management and Supported Transport 2023/2025.

In response to Council Members the following was noted:

- A more detailed focus was required in terms of the monthly reporting and some officers provided more detail in terms of further action that needed to be taken in relation to more complex issues.
- In terms of following up on the recommendations, audit had the responsibility to review areas that were not being implemented and the Chief Auditor had the responsibility to report back through the Audit and Governance Committee (AGC) or the Audit Working Group (AWG).
- All actions were followed up if there was a red or green rating.
- If an issue was rated as red, Members of the Audit and Governance Committee (AGC) would request that the matter be referred to the Governance Committee (AGC) or the Audit Working Group (AWG).
- In this regard a full copy of the audit report was considered as part of the meeting, and officers also provided context as to how they were implementing the action plan.
- In terms of the amber rated issues, the Audit Working Group (AWG) could also look at those cases.
- Management actions were followed-up irrespective of the ratings and regular discussions were held with the relevant officers to be assured that regular improvements were occurring.
- The resources were now in place to ensure that going forward outstanding issues will be addressed.

Councillor Felix Bloomfield left the meeting at 15:26pm

**Resolved that the Committee noted the progress with the 2024/25 Internal Audit Plan and the outcome of the completed audits.**

## **1/24 ERNST & YOUNG UPDATE**

(Agenda No. 13)

Stephen Reid from Ernst and Young presented the report and indicated the following:

- In relation to the 2023/24 audit, it was progressing well and there were no material issues to be brought to the attention of the Committee

In response to Council Members the following was noted:

- In terms of the resources allocated to the audit and the resources remaining for the audit work they were aligned.
- In terms of the audit reset, the state of financial reporting and audit in local government in England had reached an unacceptable level, hence the measures were being imposed by the government.
- The Redmond Independent Review was the best source document to explain the circumstances of the backlog. The system of local audit in England was complex and fragmented with different systems responsible for different elements, which contributed to the delays.
- There were three main drivers to deal with the backlog. One was the reset of the financial statements up to 2022/23 which was to be completed by December 2024, and the other 2023/24 backstop to be completed by February 2025.
- There are two issues that needed to be addressed which are the complexity of the accounting framework and the focus on the Financial Reporting Council (FRC), that maintains auditing and assurance standards, and which would review the work of a local authority on the same level as a listed company.
- Unless the accounting framework is appropriate then the backlog and the reasons for the backlog could reoccur.
- The priority was to be in a position to commence the 2024/2025 audit in February 2025 and to complete the work for that year and the additional work that would be needed to be conducted to build back the process.

Councillor Nick Leverton left the meeting at 15:39pm

**Resolved that the Committee received the report**

**1/24 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME**

(Agenda No. 14)

The Committee noted the work programme and commented on the following :

- Training or briefing sessions would precede some of the meetings.
- The times would be 12:00pm for the training and briefing sessions and 1pm for the meetings.
- In January Mr Paul Firmer would speak on the Highway Maintenance Contract.
- Paul Grant would substitute for Anita Bradley in November 2024.

**Resolved that the Committee noted and commented on the Work Programme.**

..... in the Chair

Date of signing .....