

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 5 July 2017 commencing at 2.00 pm and finishing at 5.30 pm

**Present:**

**Voting Members:** Councillor Nick Carter – in the Chair

Councillor Tony Ilott (Deputy Chairman)  
Councillor Paul Buckley  
Councillor Ian Corkin  
Councillor Helen Evans  
Councillor Charles Mathew  
Councillor D. McIlveen  
Councillor Les Sibley  
Councillor Roz Smith

**Non-voting Members:** Dr Geoff Jones

**By Invitation:** Alan Witty, Ernst & Young

**Officers:**

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

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
7	Owen Jenkins, Director for Infrastructure Delivery
8	Joseph Turner, Financial Manager – Treasury Management
12	Glenn Watson, Principal Governance Officer

*The Committee considered the matters, reports and recommendations contained or referred to in the agenda for 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.*

### **36/17 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

No apologies were received.

### **37/17 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE**

(Agenda No. 2)

In relation to Agenda Item 11, Councillor Helen Evans, declared that she is a director of an NGO that holds a contract with Oxfordshire County Council for advocacy services.

### **38/17 MINUTES**

(Agenda No. 3)

The minutes of the meeting on 26 April 2017 were agreed and signed subject to the following correction: delete the name of the Non-voting Member from the list of Voting Members.

The minutes of the meeting of 16 May 2017 were agreed and signed.

Cllr Roz Smith noted that it was regarded as good practice for committees to be chaired by a member of the opposition which was not the case here. The Chairman responded that that practice usually applied to scrutiny committees.

### **39/17 PROPOSED CHANGE OF MEETING DATE**

(Agenda No. 4)

The Chairman thanked Members for agreeing to the change of date.

**RESOLVED: to change the date of the Committee meeting originally scheduled for 13 September 2017 to take place on 6 September 2017, starting at 2pm.**

### **40/17 AUDIT WORKING GROUP TERMS OF REFERENCE AND APPOINTMENT OF THE AUDIT WORKING GROUP**

(Agenda No. 6)

Ms Cox presented the Audit Working Group Terms of Reference. The main change from the previous Terms was that the Deputy Chairman of the Audit & Governance Committee will be substitute for the Chairman at Working Group meetings.

Dr Geoff Jones, who chairs the Working Group, described how it operates, saving time at full Committee meetings and allowing more detailed questioning of officers. All Members were welcome to attend meetings.

It was agreed to amend the proposed Terms of Reference to have four Members in addition to the Chairman and four substitutes.

**RESOLVED to**

- a) **approve the Audit and Working Group Terms of Reference subject to amendments to allow for four members of the Committee in addition to the Chairman of the Working Group and four substitute members; and**

**b) appoint the following members of the Audit Working Group:**

- **Councillor Nick Carter**
- **Councillor Ian Corkin**
- **Councillor Helen Evans**
- **Councillor Roz Smith**

**and the following substitutes:**

- **Councillor Paul Buckley**
- **Councillor Tony Ilott**
- **Councillor Charles Mathew**
- **Councillor Deborah McIlveen**

## **41/17 REVIEW OF PERFORMANCE MANAGEMENT OF THE HIGHWAYS PARTNERSHIP CONTRACT**

(Agenda No. 7)

Mr Jenkins made a presentation on the Highways contract covering the history of the contract and the latest developments. He responded to questions from Members as follows:

- The latest assessment of the contract and decision on whether to extend it will take place over the next month. The advantage of extending the contract well into the future is that it allows contractors to invest more in new resources such as equipment.
- Assessments focus on the health of the relationship and whether it is delivering for the county.
- There is a machine that automatically assesses road conditions and this is compared to the condition that is expected given the money spent.
- Regarding roadworks management, it is only really possible to measure inputs, for example, that adequate notice of roadworks is given.
- Generally roads are in worse repair in towns than in rural areas because there are more of them and they are more heavily used.
- There is no detailed analysis available yet as to why perception of the state of Oxfordshire roads is below the national average although statistics indicate that the roads are actually above the national average condition.
- A factsheet will be available to Members in the next week or so.
- Systems are definitely improving but there is still a long way to go.

Members stated that they had many more questions about the contract and it was agreed to receive another update at the Committee's meeting in November.

## **42/17 TREASURY MANAGEMENT OUTTURN 2016/17**

(Agenda No. 8)

Mr Turner presented the report and Officers responded to questions from Members as follows:

- The treasury section involves two full time staff and part of the role of the Principal Finance Manager.
- Local authorities who borrow from the Council are not required to say what they use the money for. Our concern is simply that they are of suitable standing.
- The figure for the total rate of return for fixed deposits during 2016/17 will be circulated to Members after the meeting.
- It is difficult to compare debt across local authorities because different classes of authorities have different levels of debt.
- The rates for local authority investments will be included in future reports.

**RESOLVED: to note the report, and to RECOMMEND Council to note the Council's Treasury Management Activity in 2016/17.**

### **43/17 INTERNAL AUDIT CHARTER**

(Agenda No. 9)

Ms Cox introduced the report. The Internal Audit Charter must be signed by the Chairman of the Committee.

Members asked if they could be confident that there was sufficient staff to deliver the plan. Dr Jones stated that the staff resource would be below the norm for the Council's size but he was happy that the plan will be delivered. The Committee's private briefing with the Chief Internal Auditor before the Committee meeting in September will provide an appropriate opportunity to discuss the matter further.

**RESOLVED: to**

- a) **approve the Internal Audit Charter; and**
- b) **note the Quality Assurance and Improvement Programme.**

### **44/17 EXTERNAL AUDITORS**

(Agenda No. 10)

Mr Witty presented the update on the plan which was issued in January. He reported that no issues have emerged from the interim reviews.

Asked how samples are selected for substantive testing, Mr Witty responded that the selection methodology is related to risk rating. With regard to Bulk Data Upload (BDU), individual payments are tested by sample. It is the validity of the payment that is tested, regardless of the processing system.

**RESOLVED: to note the report.**

### **45/17 UPDATE ON HAMPSHIRE PARTNERSHIP**

(Agenda No. 11)

Mr Dyson presented the report which included updates on finance and human resources and officers responded to questions from Members.

- There will be a meeting reviewing pension payments on 23 July and a meeting on customer services on 26 July.
- OCC are not paying for the independent review so we do not know how much it will cost or how long it will take. However, online surveys show much better responses to queries.
- Blocked payments are now a performance matter. Those responsible for the blockages are now being targeted. Governance is working in this regard.

It was agreed to receive a presentation on customer services at the November meeting of this Committee and decide then how often updates are required.

**RESOLVED to**

- a) note the report;**
- b) agree to receive another update at the November 2017 meeting and to decide then when to receive further updates; and**
- c) agree to receive a detailed presentation on the Customer Service Improvement Programme at the November 2017 meeting.**

**46/17 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT**

(Agenda No. 12)

Mr Graham presented the report on the review which, while no longer required, provides useful information for the Chief Internal Auditor.

Members asked what proportion of surveys were returned. Mr Graham confirmed that it was sent to Tier 3 managers which amounted to 66 individuals from whom 20 responses were received. The feedback was generally positive except for one response.

**RESOLVED: to note the report.**

**47/17 WORK PROGRAMME**

(Agenda No. 13)

The Committee agreed to add the following items to the meeting on 8 November 2017:

Update on the Highways Contract  
Presentation on the Customer Service Improvement Programme

The Chairman proposed to meet with Officers to discuss a possible review of the contract with Carillion given the already lengthy agendas for the September and November meetings.

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..... in the Chair

Date of signing

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