

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 11 November 2020 commencing at 1.00 pm and finishing at 4.00 pm

Present:

Voting Members: Councillor Nick Carter – in the Chair

Councillor Tony Ilott (Deputy Chairman)
Councillor Paul Buckley
Councillor Dr Simon Clarke
Councillor Charles Mathew
Councillor D. McIlveen
Councillor Glynis Phillips
Councillor Roz Smith

Non-voting Members Dr Geoff Jones

By Invitation: Janet Dawson and Adrian Balmer, Ernst & Young

Officers:

Whole of meeting Sarah Cox, Chief Internal Auditor; Steve Jordan, Corporate Director Commercial Development, Assets and Investment; Glenn Watson, Principal Governance Officer; Lorna Baxter, Director for Finance; Hannah Doney, Head of Corporate Finance; Lucy Tyrrell, Committee Officer

Part of meeting

Agenda Item	Officer Attending
5	Rob MacDougall, Chief Fire Officer; Don Crook, SM Organisational Assurance Officer
6	Jeremy Richards, Interim Head of Procurement
7	Tim Chapple, Treasury Manager
12	George Eleftheriou, Director for Property, Investment and Facilities Management; Natasha Brammer, Commercial Lead

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.

50/20 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

There were no apologies for absence.

Councillor Jeanette Matelot advised she will continue to attend the Committee on a temporary basis.

51/20 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest.

52/20 MINUTES

(Agenda No. 3)

The minutes of 16 September were agreed.

Item 38/20 – Councillor Glynnis Phillips advised she had attended the LGA Webinar and the main points were that the sanctions need to be stronger.

53/20 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

None received.

54/20 OFRS STATEMENT OF ASSURANCE 2019-20

(Agenda No. 5)

Rob MacDougall, Chief Fire Officer introduced the Statement of Assurance 2019/20 setting out the requirement for fire and rescue authorities to provide an annual statement of assurance on financial, governance and operational matters. He advised that the report also shows that the service was inspected by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services in 2018 and that the service was graded as 'Good' in all three areas of the inspection.

Rob MacDougall addressed Member's questions as follows:

- Following the inspection, a detailed action plan was formulated, however this is not shown in detail within the report. An integrated action plan has been implemented to drive forward the actions required.
- As part of the joint teams working across the Thames Valley to respond to terrorist attacks, we have a team of specialist officers who will respond to these incidents by; 1. a detection identification monitoring team who work within the incident zone, deploying high level scientific inspection and analysis to give an emergency response which allows that specialism going forward, and 2. our response, in the event of a marauding terrorist attack, officers are deployed to support the police and ambulance, these are firefighters with ballistic protection, and they will support the ambulance service, in essence they become the stretcher bearers.
- Through partnership working, our Home and Community Safety team target those most at risk through safe and well checks and education, this forms part

of our prevention activities for fire safety and firefighters are trained to ask a number of questions as part of the NHS initiative, 'making every visit count'.

- Residents are able to refer themselves for a safe and well visit through our website or can be referred through our partnerships.
- There are 5 tower blocks in Oxford City, we have worked with the City Council and residents and have ensured that all cladding has been removed and replaced and sprinklers fitted.
- We are seeing more incidences of acid attacks and do not have the statistics on these to hand, however we do have the crews and resources in place to deal with these.

RESOLVED to approve the report in its entirety.

55/20 PROVISION CYCLE

(Agenda No. 6)

The Committee had before it the report of the Provision Cycle Update presented by Jeremy Richards, Interim Head of Procurement which outlined the new robust structure ensuring sector-leading capability in the areas of commissioning, procurement and contract management.

Jeremy Richards advised Members that procurement is a reactive service and OCC is seeking a cycle that works with directorates within the organisation on a long-term basis. Procurement, contract management and commissioning are at the forefront of directorate activities.

Jeremy Richards and Steve Jorden, Corporate Director Commercial Development, Assets and Investment, responded to Members' questions as follows:

- We are being supported by PWC, who bring a range of experience to change management, to ensure it is a sector leading model, tailored to the organisation.
- Workshops were held to understand issues around current processes and issues experienced. New processes were designed with stakeholders from across the organisation for testing purposes and these will fix any issues by ensuring a standardised approach.
- It is too early at this stage to identify the savings that will be made; however, a conservative estimate would be around £6m.
- We are currently working on a communication plan, which will provide detailed guidance to evaluators involved in the tendering process. This information will be rolled out to include all of those involved, including Councillors.
- There is a comprehensive training programme being rolled out and will ensure members are involved.
- This new model will be met by the current team with renewed job descriptions and job roles to suit this revolutionary way of working. It is not expected that there will be any redundancies, and vacancies will be filled via the market which will include a new Head of Provision Cycle to ensure we have the right people in the right jobs.

Steve Jorden advised that Members will be updated at the January Committee meeting when the new system has gone live.

Jeremy Richards advised that a further update will be given to the March Committee meeting including a detailed analysis through a 'so what' exercise and the savings expected thereof. He also assured Cllr McIlveen that he will also include a more detailed version of the provision cycle structures presented as a wheel in line with current formats.

56/20 TREASURY MANAGEMENT MID TERM REVIEW

(Agenda No. 7)

Tim Chapple, Treasury Manager introduced the Treasury Management Mid-Term Review for 2020/21 which covered the treasury management activity for the first 6 months of 2020/21 in compliance with the CIPFA Code of Practice.

Tim Chapple responded to Members' queries as follows:

- We are not so exposed to variable rates, as some of our deposits are very short range, so technically have fixed rates attached.
- Less than 3% is invested in banks on money market funds, therefore are linked to short term interest rates, however we would invest away from this.
- Given the risk of negative interest rates, a lot our deposits have arranged forward deals, therefore they are fixed and contractually agreed.

RESOLVED to:

- a) note the report, and**
- b) recommend Council to note the Council's Mid-Term Treasury Management Review 2020/21.**

57/20 EXTERNAL AUDITORS

(Agenda No. 8)

Janet Dawson presented the report Oxfordshire County Council Draft Audit Result for the year ended 31 March 2020 and responded to Members' questions on the following:

- There are no concerns over specific property valuations, and the appropriate value has been determined by the valuer.
- At the last meeting we reported some issues with McCloud, however we are comfortable how this is reflected in the accounts.
- Concerning cashflow projections, subject to our final internal process, we are not proposing to include an emphasis of matter and consider the organisation to be in a strong financial position and have positive cash over next 12 months.
- The final elements of the Carillion settlement were concluded in July and the accounts adjusted thereof, there is not expected to be any adjustment to the accounts going forward.

Janet Dawson concluded that subject to final reviews, they are expecting to issue an unqualified position on the accounts, and for the value for money conclusion to be unqualified.

Adrian Balmer presented the report Oxfordshire Pension Fund 2019/20 Audit Results Report and advised that all works on previous years have now been completed and we will be able to complete these audits and issue completion certificates.

58/20 COUNTER-FRAUD UPDATE

(Agenda No. 9)

Sarah Cox, Chief Internal Auditor introduced this report which presents the revised arrangements for Counter-Fraud and supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has in place proportionate and effective resources and controls to prevent and detect fraud as well as investigate those matters that do arise.

Sarah Cox drew Members attention to the following:

- Included in the report is a revised structure chart for internal audit which gives the opportunity to have dedicated audit posts.
- Recruitment of outstanding posts have commenced in preparation for April.
- The seconded post from Trading Standards has now been offered a substantive post.
- Other posts are in pre-employment checks and one other will be advertised shortly.

Sarah Cox responded to Members' questions as follows:

- There are 32 open cases for OCC fraud referrals, all are under investigation. Figures for CDC are not held, however will be provided when joint working commences.
- CDC have a different fraud risk profile; some will be smaller and more transactional than those we have experienced with OCC.
- A new performance board consisting of Sarah Cox, Chief Internal Auditor, Tessa Clayton, Audit Manager, and will report directly to the Director of Finance, Assistant Director of Finance and the appropriate counterpart at CDC to provide oversight and ensure we are prioritising across both services.

Sarah Cox advised that the Internal Audit Plan will be presented to the January meeting, which will include an update on the Counter-Fraud Plan.

RESOLVED to comment and note the updated arrangements for Counter-Fraud.

59/20 REDMOND REVIEW OF LOCAL GOVERNMENT AUDIT

(Agenda No. 10)

Hannah Doney, Head of Corporate Finance presented the Redmond Review into Local Government Audit Report which was carried out upon the request of the Ministry of Housing, Communities and Local Government. Hannah Doney highlighted the review identified four key themes for change; local governance arrangements, current fee structure for external audit, governance arrangements and transparency and reporting.

Dr Geoff Jones commented that he welcomed the transparency of this review, and although we cannot use these accounts for decision making purposes, they are

mainly statistical returns to the government. However, increasing the fees by 25% for the cost of External Auditors would not necessarily ensure that the quality of auditors would increase. Although the findings are good in parts, in the main he did not agree with their findings.

Councillor Nick Carter asked if there was a further opportunity to respond to this review? Hannah Doney responded that there is a BFA consultation around increasing fees and we have an opportunity to respond to that and will be doing so. Hannah Doney agreed to include the views of the Committee in that feedback.

Hannah Doney responded to Member's questions as follows:

- The recommendations could have gone further to ensure that the audited accounts are made more meaningful to the taxpayer, as although the review acknowledges there is a new approach, it does not go far enough to take this forward.
- The recommendations suggest that internal audit place a reliance on the external audit which could direct the internal audit plan, however there is already a strong working relationship between internal audit and Ernst & Young. Sarah Cox added that historically there was stronger reliance placed on Internal Audit by external audit which did not cause insurmountable problems.

Councillor Nick Carter encouraged Members to contact Hannah Doney directly if they had any more comments, they wished to be included in the BFA consultation.

RESOLVED to note the findings of the Redmond review.

60/20 AUDIT WORKING GROUP REPORT

(Agenda No. 11)

Sarah Cox presented the report which outlined the matters considered by the Audit Working Group meeting of 21 October 2020. Dr Geoff Jones highlighted the issues regarding the Children's Controcc report and advised that a further report will be presented to December AWG meeting providing performance information put into context alongside the outstanding actions.

RESOLVED to note the report.

61/20 EXEMPT ITEM

(Agenda No.)

RESOLVED: *that the public be excluded for the duration of Item 13 (since it is likely that if they were present during that item there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified below in relation to that item and since it is considered that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information on the grounds set out in that item.*

62/20 CARILLION UPDATE

(Agenda No. 12)

The information in this case is exempt in that it falls within the following prescribed categories:

3.Information relating to the financial or business affairs of any particular person (including the authority holding that information)

and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that a negotiation is ongoing and would prejudice the position of the authority in the process of that negotiation and the Council’s standing generally in relation to such matters in future, to the detriment of the Council’s ability properly to discharge its fiduciary and other duties as a public authority.

63/20 WORK PROGRAMME

(Agenda No. 13)

The following changes/additions were agreed:

- 13 January 2021 – add Provision Cycle update
- 03 March 2021 – add Provision Cycle update

..... in the Chair

Date of signing