

WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the **Audit and Governance Committee**

Held in the Council Chamber, Council Offices, Woodgreen, Witney, Oxfordshire OX28 1NB
at 6.00 pm on **Tuesday, 19 March 2024**

PRESENT

Councillors: Andrew Beaney (Chair of Overview and Scrutiny Committee), Rachel Crouch, Edward James, Liz Leffman, Michele Mead (Leader of the Conservative Group), Elizabeth Poskitt (Vice-Chair of West Oxfordshire District Council), Sandra Simpson, Wilson and Thomas Ashby.

Officers: Lucy Cater (Assistant Director SWAP), Cathcart (Head of Service, Counter Fraud and Enforcement Unit), McCaskie (Director of Governance), Richards (Director of Finance), Thompson (Senior Democratic Services Officer), Dyer (Chief Accountant) and Chorlton (Chief Technology Officer), and Andrew Turner (Business Manager - Assets & Council Priorities)

Guests: Jason Granger, Grant Thornton, Katie Whybray, Grant Thornton (virtual via Teams)

38 Apologies for Absence

Apologies for absence were received from Councillors Joy Aitman, Colin Dingwall, Jane Doughty (Thomas Ashby substituted for Jane Doughty), David Jackson (Julian Cooper substituted for David Jackson), Dan Levy, and David Melvin.

Councillor Geoff Saul was recorded as absent.

39 Declarations of Interest

There were no declarations of interest.

40 Minutes of Previous Meeting 23 November 2023

The minutes of the meetings held on 23 November 2023 were approved by the Committee.

41 Participation of the Public

There was no participation of the public.

42 Interim Auditor's Annual Report 2022/23 (Value for money arrangements and recommendations)

Jason Granger, Grant Thornton introduced the report that provided Members with details of the auditor's findings with regards to the Council's value for money arrangements for 2022/23.

The report explained that under the National Audit Office (NAO) Code of Audit Practice ("the Code") external auditors were required to consider whether the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

It was to be noted that there were no significant weaknesses in arrangements identified and the improvement recommendations had been made with management responses to each of these included in the report. The report also included a "Follow-up of previous recommendations" section (page 38 of the report). The appendix also contained the Interim Auditor's Annual Report on West Oxfordshire District Council 2022/23 – March 2024.

Furthermore, Jason Granger confirmed that the direction of travel was positive and the recommendations within the report were only improvement recommendations. Members

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thanked Officers and wished to congratulate the team and auditors on their hard work. It was also explained that no change was anticipated and therefore the report could be changed in title from interim to final without coming back to the Committee. There would also be a further report brought to Executive with a briefing on savings and better use of resources.

RESOLVED that the Audit and Governance Committee **AGREED** to:

1. Note the contents of the report and appendix.

43 The Audit Findings Report for 2022/23 (ISA260)

Katie Whybray, Grant Thornton, introduced the report that provided Members with an update on the findings of the external audit of the 2022/23 financial statements.

Katie explained that the auditors had completed approximately 90% of their work as of 11 March 2024. The work to date had not identified any material errors or adjustments to the financial statements. The appendix to this report contained the Draft Audit Findings Report (ISA260) for West Oxfordshire District Council – March 2024. Pages 76-99 were discussed, and any possible issues were highlighted.

Furthermore, it was concluded that it was unlikely that there would be any further material errors or adjustments. However, if any material errors or adjustments were found the report would come back to the Committee. If no material errors or adjustments were found, then the report would be signed off by delegated authority and the final report would be circulated to the Committee.

A Member commented on staffing as listed on page 98 of the Agenda Pack under the heading of Issues and Risk Previously Communicated. Therefore, it was thought that staff retention within the finance team was a priority.

Katie Whybray thanked the Committee for all their input and wished them luck in all future endeavours as this was likely her last meeting due to Grant Thornton having been interim auditors.

RESOLVED that the Audit and Governance Committee **AGREED** to:

1. Note the contents of the report and appendix.

2. To delegate authority for sign off of the final report to the Director of Finance in consultation with the Executive Member for Finance and the Chair of the Audit and Governance Committee, provided there were no material errors or adjustments. The final report would then be circulated to all Members and not just the Committee.

44 Internal Audit Progress Report

The Assistant Director SWAP introduced the report that presented a summary of the audit work concluded since the last meeting of the Committee.

The report explained that the progress report (Annex A) enabled the Audit and Governance Committee to monitor the work of the Internal Audit Service and ensure that it remained effective. It also provided the Committee with assurance opinions over areas reviewed within the reporting period, details of audit recommendations and the outcome of follow-up reviews conducted on previous audit recommendations.

The plan remained flexible to respond to requests for audits or ad hoc reviews and follow up on all agreed actions would be continued. A report (Annex B) showing all open agreed actions and those that had been actioned during 2023/24 was included for Members' information.

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Questions were asked regarding actions and a further phrase that suggested Officers were not following advice. It was explained that there were yellow highlighted risks whereby those actions would be followed up with those specific teams and Members would be updated with a further report next year showing an update on those actions. In reference to the advice not followed query, the Business Manager for Assets & Council Priorities gave assurance that in relation to Asset Management Plans, there was a plan that was produced via a framework; the report on the of allocation of funds was going to the Executive. Risk assessments and standard information was being uploaded to the new Uniform Platform.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Note the contents of the report and appendix.

45 Internal Audit Plan 2024/25

The Assistant Director of SWAP introduced the report that provided a summary of the Proposed Internal Audit Plan for 2024/25 and was included in the Annex 'A'. The report also listed the risk-based assurance and consultancy work planned for the year. Counter fraud related audit work was included.

The report outlined a programme of work for 2024/25 as developed throughout January and February 2024 but due to the pace of change within Local Authorities, it was becoming increasingly difficult to accurately predict longer-term key organisational risks. The approach to internal audit planning recognised this through a strategic 12 month rolling plan, whereby an agile, risk assessed work plan containing key areas of coverage would be produced. The approach would ensure auditing was being conducted in the right areas, with the correct scope, at the right time.

The programme of work on at least a quarterly basis would be revisited and adjusted to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks.

The regular input of Senior Management and the Chief Financial Officer, and review of the Authority's risk register would be considered in this process. Furthermore, the audit plan contained an element of contingency in order that the plan could remain flexible and respond to new and emerging risks as and when they are identified and may also include unannounced activity.

Concern was raised whether climate change risks were included and it was explained that these risks were on page 144 and climate change risks were considered.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Approve the proposed Internal Audit Plan 2024/25.

46 Counter Fraud and Enforcement Unit Update Report (RIPA and IPA Annual Update)

The Head of Service, Counter Fraud and Enforcement Unit, introduced a report that provided the Committee with assurance over the counter fraud activities of the Council.

It was explained that direct updates would continue to be provided biannually. Work plans would be presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area. The report also provided the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.

Various fraud risks were considered including various types of grants fraud and a tool kit was implemented to help Officers with applying for grants and ensuring monies had been received

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by the correct person. Other risks included polyamorous working whereby employees were working for various Councils. Attendance to both the Gloucester and Thames Valley groups for MMAF were attended with advice and multiple topics covered. Work was undertaken with various teams and explanations around Whistleblowing and RIPA were provided. Further information would be circulated around Fly tipping.

Members asked questions around coverage for MMAF, multiple jobs, verification checks for small business grants and how falsified time sheets were dealt with. Officers explained that the MMAF groups were covered, and communications were going out as normal. In terms of multiple jobs, it was not a policing exercise and it did not mean Officers could not hold part time jobs with more than one Council; it was purely to ensure employees disclosed multiple full time contracts. Verification checks were specific to each project and when dealing with falsified time sheets it was dependant on various factors. For example, if they were fraud cases, then that was different; however, the problem was in proving they were falsified.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Consider and note the report and work plan at Annex A.

47 Corporate Risk Register Update

The Director of Governance presented a report that brought Members the current version of the Strategic Risk Register for information and assurance that risks to the Council were being managed and appropriate actions were being taken to mitigate risk.

The report outlined all updates to the commentary since the November Audit and Governance Committee which were shown in red, along with a direction of travel column, that showed if the risk had either increased / red (got worse), decreased / green (reduced in risk) or stayed the same since the last time it was reported to Audit and Governance Committee.

Various risks were drawn to the attention of the Committee and after questions received from Members, it was explained that uncertainties were added to the risk register and ensured that they were not missed; this could be seen in the example on E4 around refugees (page 160). In relation to Carbon neutrality and whether climate neutrality figures were inclusive of all Oxfordshire districts, and therefore out of West Oxfordshire District Council's control would be queried with the Climate Team. **Action Point: The Climate Team would be notified and confirm this and whether in turn it should be then a WODC corporate risk.** In regards, to leisure and its movement from red to amber; it was suggested that working collaboratively with marketing etc. was the reason for the movement.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Note the Strategic Risk Register.

48 Annual Governance Statement Action Plan Update

The Director of Governance introduced the report that provided the Audit and Governance Committee with an update on progress against the Annual Governance Statement Action Plan for 2023/24.

The report explained that there were 14 key actions which were colour coded, within the 2023/24 Annual Governance Action Plan and identified the specific tasks that would be undertaken in the respective areas of focus and set timescales for their completion, along with any progress up to March 24. The Action Plan also included a RAG rating to show whether the actions were on target, off target but action being taken to ensure delivery or off target and no action has yet been agreed to resolve the situation. All actions were either complete

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or on target except for Financial Management which would carry over into the next financial year due to the Publica review and Business Continuity Plans, where significant progress had been made but some of the proposed changes would carry over. Any actions which remained open or in progress would transfer into the new Action Plan for 24/25 which would be developed shortly and brought to the Audit and Governance Committee for sign-off.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Note the action plan and associated progress updates.

49 Audit and Governance Committee Effectiveness Review

The Director of Governance presented the report which provided a summary of the findings / conclusions resulting from the Audit and Governance Committee Effectiveness Survey responses.

The report outlined how eleven Members of the Audit and Governance Committee had completed the survey, along with three non-Audit and Governance Committee Members.

The key areas included in the survey included Organisational knowledge, Audit and Governance Committee role and functions, governance, internal audit, financial management and reporting, external audit, risk management, counter fraud, values of good governance, treasury management. Respondents were also asked about their skills i.e. professional qualifications, previous committee experience and whether they felt able to challenge and evaluate data. Three additional questions were added to the survey.

- CIPFA's suggested size of an Audit Committee is between 6 and 8 Members.
Audit and Governance Committee currently has 17 Members. What is your opinion on the size of the Audit and Governance Committee, and does it hinder your ability to contribute to discussions?
- CIPFA recommends that Independent Members (not Councillors) who have knowledge and experience of Audit are introduced to the Audit and Governance Committee? What is your view on this?
- CIPFA discourages Executive Members sitting on the Audit Committee. What is your view on this?

Members commented that having an Independent Member on the Committee was a good idea as it would bring expertise to the Committee. It was also to be noted that the recommendations were chosen due to what CIPFA had recommended and that other steps could be looked at. Queries were raised over whether the Independent Member would be purely a consultee position who was unable to vote on recommendations and whether a meeting would be able to be held in their absence. The Independent Member would be found through posting an advert, and it would be paid in accordance with the Members' Allowances Scheme.

Action Point: The Director of Governance would investigate the voting and attendance issues and come back to the Members on this query. A comparative analysis would be done on other local authorities look to see if they had Independent Members. The recommendations would then go to the Annual Council meeting in May.

RESOLVED that the Audit and Governance Committee **AGREED** to:

1. A reduced Audit and Governance Committee of 11 Councillors.
2. A recruitment exercise for up to 2 Independent Persons.
3. No Members of the Executive to sit on Audit and Governance Committee.

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4. A programme of training to be developed to ensure Members of the Audit and Governance Committee are able to discharge their responsibilities confidently.

50 Employee Code of Conduct

The Director of Governance presented the report that outlined a recommendation of the Constitution Working Group relating to the adoption of the Employee Code of Conduct and the Corporate and Individual Gifts, Hospitality and Sponsorship Process for the West Oxfordshire District Council workforce.

The report explained that as part of the review of the Council's Constitution, it had been identified that there was a requirement to adopt an Employee Code of Conduct which was up to date with current legislation, policy, and guidance. At its meeting on 9 January 2024, the Constitution Working Group agreed to recommend that the Council adopt the Employee Code of Conduct and the Corporate and Individual Gifts, Hospitality and Sponsorship Process as part of the Council's Constitution.

Publica had recently rewritten its Business Code of Conduct which had been consulted on by all relevant officers including the Monitoring Officer, Head of Legal Services, Head of the Counter-Fraud and Enforcement Unit, Communications, IT and HR and adopted a Corporate & Individual Gifts, Hospitality and Sponsorship Process. The Business Code of Conduct had also been approved by all recognised Trade Unions across the partner Councils and Publica. Therefore, it was recommended that the Publica Code of Conduct and Corporate and Individual Gifts, Hospitality and Sponsorship Process were used as a basis for the West Oxfordshire District Council Employee Code of Conduct and Corporate and Individual Gifts, Hospitality and Sponsorship Process and the other partner Councils. Decisions relating to the Officer Employee Code were part of the delegation to the Audit and Governance Committee, and therefore the Committee had responsibility for approval of the Code and Gifts & Hospitality Process.

Annex A contained the Employee Code of Conduct and the Corporate and Individual Gifts, Hospitality and Sponsorship Process for the West Oxfordshire District Council workforce was in Annex B. To ensure it covered what was required, other Council Code of Conducts had also been reviewed and all retained staff of the Council had been individually consulted on both documents.

Members commented that this was good practice for both Council staff and Councillors. It was confirmed that it was not only for paid work but for voluntary work because it needed to be all encompassing and any conflict of interests identified.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Adopt the Employee Code of Conduct and the Corporate and Individual Gifts, Hospitality and Sponsorship Process.

51 Treasury Management Performance

The Director of Finance introduced the report that outlined the quarter three Treasury Management Indicators as required by the CIPFA Treasury Management Code.

The report explained that the overall performance of investments in the 9 months to 31 December 2023 was positive, with a total return of £1,243,599 or 5.31% against an annual revenue budget of £1,102,228 and generating an unrealised capital gain of 3.26% or £403,652 in the year to date.

The capital value of pooled funds continued to be affected by prevailing economic conditions in the world markets. Pooled funds were intended to be long term investments where short-

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term fluctuations in the capital value were expected. These funds were being monitored closely by the Council's Treasury Management adviser (Arlingclose) and they continued to forecast that the capital values would recover over the next 2-3 years as gilts and bond revenue rates start to decline again.

The Council had continued to benefit from higher revenue returns due to regular increases in the Bank of England Bank Rate to combat high levels of inflation. The Bank base rate reached 5.25% in August 2023 and had remained there to date.

The Council complied with most of the Prudential Indicators for 2023/24 as set out in the budget approved by full Council in February 2023. Further details could be found in the report with the exception to the Prudential Indicators being explained in 8.7.

At the Audit and Governance Committee meeting in November 2023, where the Treasury Management Mid Term Report was presented, the Committee requested information with regards to how ethical the Council's investment portfolio was. This information was now included in Annex A.

Questions were raised by Members around ethical investments, particularly about ensuring the Council did not hold any Tobacco and Fossil Fuels investments. There was an understanding that this was a balancing between financial returns and ESG ratings.

It was therefore decided that a more comprehensive report on what sectors and companies' investments that were held by the Council would come back to the Committee in a stepped and balanced approach. Once the information was brought back to the Committee, Members would make recommendations to the Executive if they felt it was necessary. **Action Point:** A more comprehensive report would be brought back to the next Committee meeting providing a stepped approach of what investments the Council held and what the probable financial impact could be.

RESOLVED that the Audit and Governance Committee **AGREED** to:

- I. Note the contents of the report.

52 Provisional Member Induction and Training Programme

The Director of Governance introduced a report that provided an update on the plans for Member training for the post-election period.

The report explained the plans for inducting new Members post-election and wider plans for Member training and development. It also sought feedback from the Committee on how the Council may better engage Members in Member training and development so that sessions would be well attended and beneficial going forward.

The Audit and Governance Committee had a responsibility to promote, maintain and assist the achievement of high standards of conduct by councillors and co-opted Members in accordance with the Council's Code of Conduct for Members. This included a responsibility to secure adequate and appropriate training of councillors and co-opted members on the Code of Conduct for Members.

The Audit and Governance Committee on 30 March 2023 received a report on Member training and resolved to agree that training on equality and diversity awareness, the use of social media, and the Members' Code of Conduct are strongly encouraged for all councillors and should be undertaken at least once in a councillor's term of office, within six months of their election. The Committee was not in favour of making training mandatory, and in practice mandatory attendance was not something that could be enforced by officers.

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Member attendance at a number of training sessions over the last year had tended to be very low including at sessions that had been delivered by external trainers at a cost to the Council, i.e. equality and diversity and chairing skills training. This had been reflected in the External Auditor's Value for Money Recommendations for 2022/23 presented elsewhere on the Committee agenda. Further Member training opportunities were listed in the report and the Committee was invited to provide feedback on how the Council may better engage Members in Member training and development.

Comments included the following:

- Members expressed that a timetable like the meetings schedule was desirable. Video recordings for basic training.
- Link up training for before/after meetings so more Members attend.
- Exams every term for important matters such as Safeguarding and then top-ups as required which would make it less arduous.
- More creative ways of delivering such as bar charts of correct and incorrect questions.
- Follow up of Cyber Ninja training, which was important for all
- Find ways to track who has undertaken what training.

The Director of Governance thanked Members for their feedback and explained that she would like to develop analysis and gateways around who needs what training without having to monitor or police Members. She wished to strike a balance of learning development that was flexible and efficient; ideally composing a list of which Councillors wanted/required which specific training. **Action Point:** The Director of Governance further explained that she would take all comments onboard. It was reiterated that Cyber Security training was currently available online and Members were asked to undertake that training as soon as possible.

RESOLVED that the Audit and Governance Committee **AGREED** to:

1. Note the report;
2. Provide feedback on how the Council may better engage Members in Member training and development.

53 Matters Exempt from Publication

The Committee resolved to exclude the press and public in accordance with the provisions of section 100A of the Local Government Act 1972 on the grounds that their presence could involve the likely disclosure of exempt information as described in paragraph 7 of Schedule 12A of the Local Government Act 1972, with the public interest in maintaining the exemption outweighing the public interest in disclosing the exempt information.

54 Cyber Security Update

The Committee received a briefing from the Chief Technology Officer on Cyber Security including the risks to local authorities and action undertaken to mitigate those risks.

The Meeting closed at 8.13 pm

CHAIRMAN