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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 **Thursday, 25 July 2024**

PRESENT

Councillors: Carl Rylett (Chair), Ruth Smith (Vice-Chair), Joy Aitman, Andrew Beaney, Jane Doughty, David Jackson, David Melvin, Elizabeth Poskitt, and Nigel Ridpath

Officers: Madhu Richards, Director of Finance, Andrea McCaskie, Director of Governance (Monitoring Officer), Georgina Dyer, Chief Accountant, Jaina Mistry, Principal Auditor, Anne Learmonth, Strategic Support Officer and Christine Elsasser, Democratic Services Officer

5 Apologies for Absence

Apologies for absence were received from Councillor Edward James and Sandra Simpson.

6 Declarations of Interest

Councillor Elizabeth Poskitt declared a non-pecuniary interest in Item 3, Minutes of Previous Meetings; as she was a Member of the Standards Sub-Committee.

7 Minutes of Previous Meeting and Actions Arising

The minutes of the meeting held on 19 March 2024 and 22 May 2024 were approved and signed by the Chairman as a correct record.

The Committee also noted the previous actions. An update was provided on the Independent Members and it was confirmed that Independent Members would be classified as non-voting co-opted members. The recruitment was ongoing and was advertised on the website and through LinkedIn; there had also been some targeted recruitment.

The minutes of the meeting of the Standards Sub-Committee held on 15 March 2024 were agreed and signed by the Chairman as a correct record.

8 Participation of the Public

There was no public participation.

9 Audit Plan for 2023/2024 – Bishop Fleming

Madhu Richards, the Director of Finance introduced the report that presented Members with the draft Audit Plan for the year ended 31st March 2024.

It was explained that there was a delay in the last year accounts which were prepared from a different auditor and had nothing to do with the year end 31 March 2024 accounts.

Due to a technical failure Charlie Martin, Bishop Fleming, was unable to join the meeting remotely and therefore the report would be deferred to the next Audit and Governance Committee meeting.

RESOLVED that the External Audit report would be considered at the September meeting.

10 2023/24 Statement of Accounts Update and Accounting Policies

Madhu Richards, Director of Finance, introduced the report that presented the accounting policies to be included in the 2023/24 Statement of Accounts. The report provided Members with the opportunity to review and approve the policies in advance of the preparation of the

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Statement of Accounts 2023/24. Approving the accounting policies in advance of the preparation of the accounts represented best practice.

It was explained that the report would be on the website by 31 July 2024 and would be created in a similar format as previously done unless CIPFA had suggested any changes.

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

- I. Consider and approve the draft accounting policies for 2023/24 included at Annex A.

11 Internal Audit Annual Opinion 2023/24

Jaina Mistry, Principal Auditor, introduced the report that presented a summary of the work undertaken by Internal Audit during 2023/24 and provided an overall opinion on the levels of assurance resulting from the summary of work.

It was to be noted that due to the information contained in the Internal Audit Annual Opinion, it was deemed unnecessary to submit a separate quarterly monitoring report. Instead, a condensed version of the usual report was produced which contained a summary of the work concluded since the last meeting of the Committee.

Based on various questions and queries from Members the following points were explained:

- All outstanding actions were being dealt with and/or were a work in progress.
- In terms of taxi licensing procedures, the Chair of the Miscellaneous Licensing Committee could approach Licensing Officers if he felt it was necessary.
- It was suggested that a robust timeframe should be in the cover report in future.

Action Point: The Principal Auditor would add a robust timeframe to any future reports provided to the Committee.

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

- I. Note the report.

12 Treasury Management Outturn Quarter 4

Georgina Dyer, Chief Accountant, presented the report that advised Members of the treasury management activity and of the performance of internal and external fund managers for 2023/24.

It was explained that the overall performance of the investments in 2023/24 was favourable, with a returning interest of £1,726,274 (4.97%) against a revenue budget of £1,227,228 and achieving an unrealised capital gain of £439,475 (3.27%) in the 12 months to 31st March 2024.

The capital value of the pooled funds had increased by £439,475 but continued to be affected by the uncertainty in the financial markets. The effect in 2023/24 was mostly positive due to buoyed global equities, resilient economic data, and falling inflation.

Pooled funds were intended to be long term investments whereas short-term fluctuations in capital value were expected and would provide capital appreciation over the long term. After an initial period of caution due to the likelihood of recession, the UK economy fared better than anticipated with a shallow recession, falling inflation and improved consumer confidence providing support for UK equities, with stocks trading at attractive valuations relative to their global peers.

The Council had benefitted from a higher revenue return due to the sustained high base interest rate to bring inflation back down to 2.5%. During the 2023/24 period there was

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incurred unrealised capital gains of £0.439m, these funds were being monitored closely by Arlingclose and they continued to advise that the capital values would recover over the next 2-3 years as gilts and bond revenue return rates started to decline again.

The Council complied with all but one (see section 9.4) of the Prudential Indicators for 2023/24 as set in the February 2023 budget.

Based on various questions and queries from Members the following points were explained:

- The operational level of treasury management was delegated to officers but the strategy and policy officers worked within was set by Members as part of the annual budget process. Therefore, Officers would be directed by Members; however, Members would need to attain a high level of understanding and information on all the various aspects which affect the market.
- When looking at funding capital projects, there were various factors to consider including interest rates and revenue return.
- The next steps would be to investigate funds with better green credentials and for officers to present a table or chart of the performance of ethical funds over a certain time period.
- Officers had asked Arlingclose to be more proactive in reducing risk.
- Pooled funds were completely liquid and would carry on; whereas, the super national funds had a maturity date.

Members thanked Officers for the report and for the Audit and Governance training that was undertaken last week.

Action Point: A glossary of terms was requested to be added to enable ease of understanding in future.

Action Point: The Chief Accountant would bring information on ethical funds to the next meeting.

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

- I. Note the Treasury Management and performance of internal and external funds for 2023/24.

13 Strategic Risk Register

Andrea McCaskie, the Director of Governance, introduced the report that brought to Members the current version of the Strategic Risk Register for information and to provide assurance that any risks to the Council were being managed with appropriate actions being taken to mitigate risk.

It was explained that all updates to the commentary since the March Audit and Governance Committee were shown in red, along with a direction of travel column, which 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 the Audit and Governance Committee.

Two new risks had been added since the last report to Audit and Governance Committee:

- ER5 General Election. This risk was added when the general election was announced for 4 July 2024 to ensure it was managed effectively. The risk would now be closed and removed from the Strategic Risk register.
- ER6 Diddy Squat. This risk was added in preparation for the release of series 3 and the potential impact this may have on the Council and its employees in Publica. A project team was established to monitor and manage any potential impact.

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It was reported that one risk had been increased since the last report:

- SR2 Major Civil Emergency: the transition of services from Publica to the Councils was having an immediate impact on the emergency call out arrangements, where critical employees were no longer within the business. It was expected that there would be further impact, and therefore proposals were being reviewed for current and future mitigation.

There were no further changes to the risk register except for updates which were shown in red.

Based on various questions and queries from Members the following points were explained:

- Regarding risk ER6, it picked up issues that came to light and ensured that the Council was prepared with messaging on the website and that staff had the support they required.
- Emergency planning and business continuity were on the action plan because more testing was required and it was highlighted as an area that would be worked on.
- It was questioned why the five-year land supply was not on the risk register.

Action Point: Officers would enquire about why the 5-year land supply was not on the risk register and ascertain if this could be added as requested.

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

- I. Note the strategic risk register.

14 Annual Governance Statement for 2023/24 and Action for 2024/25

Andrea McCaskie, the Director of Governance, introduced the report that provided the Audit Committee with an updated Annual Governance Statement for 2023/24 and an Annual Governance Action plan for 2024/25 which formed part of the Statement of Accounts.

It was explained that the Annual Governance Statement was backward looking, detailing the governance arrangements which were in place for the previous financial year (2023/24). This also showed the progress which was made against the Annual Governance Action Plan for 2023/24. Regulation 4 of The Accounts and Audit Regulations 2011 required the Council to produce an Annual Governance Statement (AGS), setting out the Council's governance arrangements. The Annual Governance Action Plan, was forward looking, setting out the areas of improvement / focus for the current financial year (2024/25).

There were 9 key actions within the 2024/25 Annual Governance action plan, these included the following:

- Freedom of information
- Complaints process
- New service delivery models
- Council constitution
- Emergency planning and business continuity
- Risk management
- Review of Audit and Governance Committee
- Financial management
- Procurement

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The plan identified the specific tasks that would be undertaken in the respective areas of focus and set timescales for their completion. The Annual Governance Action Plan would also include a RAG rating to show whether the actions were on target or off target and if action was being taken to ensure delivery. Furthermore, it also needed to be determined whether they were off target and no action had yet been agreed to resolve the situation. Updates on progress would be presented to future Audit and Governance Committee meetings.

Based on various questions and queries from Members the following points were explained:

- Martin's law was based around arena security which came into practice after the terrorist incident in Manchester and was part of business continuity and emergency planning to ensure the change in legislation was implemented.
- There were three stages of escalation for complaints at West Oxford District Council currently and this was re-examined with a two-stage system put in place to ensure good practice.
- HR policies mirrored Publica policies to ensure the transition for staff after the Publica split would be less problematic. The policies would be updated as required as and when, once the split was complete. Copies were kept on the intranet that went through Oct 2023 Executive and would be on the intranet as well.
- The bulk of the statement was demonstrating the evidence around good practice and that it was being implemented. The Annual Governance Action Plan drew attention to the areas that required focus and further potential attention.
- The permanent record of the meetings were the approved minutes; and regarding regulatory matters it was very important to capture what the decision actually was. However, Officers would find out how long recordings of meetings were kept for.

Action Point: Officers would ensure Councillors knew where to find the recent HR policies that they were allowed access to.

Action Point: Officers would find out how long the Council kept meeting recordings for 6 months.

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

1. Approve and agree the updated Annual Governance Statement for 2023/24 and Annual Governance Action Plan for 2024/25;
2. Receive updates on the progress against the key actions at future meetings.

15 Audit and Governance Committee Work Programme 2024/25

The Committee were asked to note the Work Programme 2024/25.

It was requested that dependent on the interviews for the Independent Members next week, ideas on how to recruit Independent Members to the Committee be discussed at the September meeting.

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

1. Note and update where necessary the Work Programme 2024/25.

The Meeting closed at 7.30 pm

