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WEST OXFORDSHIRE DISTRICT COUNCIL

Record of Decisions of the meeting of the
Audit and General Purposes Committee
Held at 6.00 pm on **Thursday, 24 June 2021**

PRESENT

Councillors: Councillor Alex Postan (Chairman), Councillor Dan Levy (Vice-Chair), Councillor Joy Aitman, Councillor Luci Ashbourne, Councillor Andrew Beaney, Councillor Julian Cooper, Councillor Rupert Dent, Councillor Colin Dingwall, Councillor Duncan Enright, Councillor Gill Hill, Councillor Martin McBride, Councillor Elizabeth Poskitt, Councillor Harry St John, Councillor Dean Temple and Councillor Alex Wilson

Officers: Emma Cathcart (Counter Fraud Unit Manager) and Elizabeth Griffiths (Chief Finance Officer, Deputy Chief Executive and Section 151 Officer) and Amy Bridgewater-Carnall (Senior Strategic Support Officer).

1 Minutes of Previous Meeting

The minutes of the meeting held on 18 March 2021 were approved and signed by the Chairman as a correct record.

2 Apologies for Absence

Apologies for absence were received from Councillors Jake Acock and Richard Langridge.

Councillor Dean Temple substituted for Councillor Harry Eaglestone.

3 Declarations of Interest

There were no declarations of interest received.

4 Participation of the Public

There was no participation of the public.

5 Chairman's Welcome

Councillor Postan welcomed all Members to this first meeting of the municipal year and asked everyone present to introduce themselves, including officers.

6 Internal Audit Opinion 2020/21

The Committee received and considered the report of the Chief Finance Officer, which presented a summary of the work undertaken by Internal Audit during 2020/21 and gave an overall opinion on levels of assurance resulting from this work.

The Assistant Director, South West Audit Partnership introduced the report and highlighted the two annexes – Internal Audit Annual Opinion 2020/21 and Summary of Work Completed Since March 2021. The Annual Opinion contained a Key Points section on page 42 which provided an 'At a Glance' overview.

A number of questions were raised relating to the work on the Section 106 contributions and the Chief Finance Officer explained that the project was completed as far as the historical data was concerned. She advised that officers were now working on the 'business as usual aspect'. Due to staff absence, other officers had stepped in and picked up the work and she thanked all

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those involved. Following a question from Councillor St John, Mrs Griffiths reiterated that the system was not going to be accessible by the public or parish councils but requests would be submitted and officers would respond accordingly.

Other queries raised by Members included:

Time limits on the agreements and how this would be checked;

The ability to charge developers for staff time, which was possible moving forwards but not retrospectively.

Having considered the report and debated the content, Members

RESOLVED that the report be noted.

7 Counter Fraud Unit Report and Proceeds of Crime and Anti-Money Laundering Policy

Members received a report from the Counter Fraud Unit Manager which provided a summary of the activities undertaken by the team and 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.

The report also provided the Committee with an updated Proceeds of Crime and Anti-Money Laundering Policy, which set out the Council's legislative obligations, for approval and adoption.

When asked if the revenue streams generated by the Counter Fraud Unit could be summarised, Ms Cathcart explained that this was hard to quantify as there were streams of loss avoidance, recovery and income to be considered. In addition the team undertook preventative activities such as training across the partnership, which consists of six Councils. She advised that criminal enforcement activity was not as prevalent within West Oxfordshire but this was improving and investigations were being referred from every pocket of the Council.

It was noted that there had been an opportunity for fraudulent activity in relation to the Business Grants and Ms Cathcart explained that the Counter Fraud Unit had actively taken part in the assessment and verification processes to reduce risks. The team were looking to pursue any potential prosecutions relating to fraudulent applications and were overseeing the post payment audit work with SWAP.

Additional questions relating to the Business Grants included whether the Council got to retain any of the money as it was administering the grants on behalf of the government and whether the debt could be sold on. It was outlined that the Council had received new burdens funding to aid the administrative processes and that BEIS had indicated that they would take responsibility for debts where the Council could show that it had exhausted recovery routes,

The issue of penalties for fly-tipping was discussed and whether it was an appropriate deterrent. Ms Cathcart outlined that fixed penalty notices were utilised where the offence warranted this as an alternative to prosecution not as a replacement. Serious incidents would still be considered for prosecution.

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Councillor Poskitt queried how much of the fraud was human error compared to deliberate acts. Ms Cathcart explained that fraud is a criminal offence and could not be reported as such until an individual has been prosecuted. Where there is error, it would be recorded as such.

Having considered the report and having debated the content, the Committee

RESOLVED that

1. the report and work plan attached at Annex A, are noted;
2. the Proceeds of Crime and Anti-Money Laundering Policy at Annex B is approved and adopted; and
3. the Deputy Chief Executive (Chief Finance Officer) is authorised to approve future minor amendments to the Policy in consultation with Finance, Legal Services and the Counter Fraud Unit.

8

External Auditor 2020/21 Audit Plan

The Committee received and considered the report of the Chief Finance Officer, to which was attached an Annex containing the External Audit Plan for 2020/21, which included the key matters, risks and scope of the audit.

Peter Barber (Engagement Lead, Grant Thornton) introduced the report and highlighted the Materiality, Significant Risks and key sections of the report. He noted that West Oxfordshire had a larger portfolio of investment properties and assured Members that the Valuers' opinion was challenged where necessary. He advised that the Pension Liability was an area that was scrutinised and reiterated the Value for Money section of the report. The main audit risk that keeps being brought up is the hole in the MTFs, and the plans for addressing it

Mr Barber went on to explain the proposed uplift in fees, as outlined on page 30 of the report) and advised that his team were due to start work on Monday, meeting with key officers across the Council. Mr Barber answered a number of questions from Members relating to the uplift in fees and reminded the meeting that there were likely to be bigger challenges in later years, with a need to save money. These savings would impact on how the Council chose to spend its money.

In response to a question from Councillor Postan, the Chief Finance Officer explained the rates reset and the loss of New Homes Bonus together comes to £4m. Councillor Postan asked if it would be possible to see the questions posed that highlighted a possible change in risk in relation to the Pension Liability and interest rates. Mrs Griffiths advised that this exercise was undertaken every year.

Following further questions about the risk of investing in property compared to retaining money in the bank, Mrs Griffiths explained that most of the Council's property investment was focused in the commercial sector which resulted in a better yield than the Treasury Investment fund.

The Chairman thanked the External Auditors for their work, input and explanations, and the Committee

RESOLVED: That the report be noted.

9

KPMG LLP Reports - Housing Benefit Subsidy Certification

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Members received a report from the Group Manager: Resident Services and the Business Manager for Operational Support and Enabling which noted the outcome of the Housing Benefit Subsidy Grant Certification audit for 2019/20.

The report explained that in financial years prior to 2018/19, the annual housing benefit subsidy audit had formed part of the procurement process for external audit services. This procurement was carried out on behalf of local authorities by the Audit Commission.

Since the demise of the Audit Commission, the Council had used PSAA Ltd (a company established and owned by the Local Government Association) to procure its external audit services.

Due to changing legislation, the procurement for external audit services from 2018/19 onwards could not include the audit of the Housing Benefit Subsidy claim. Therefore, with effect from the 2018/19 financial year, the Council was required to procure this specialist service directly and had procured the services of KPMG LLP to carry out the Housing Benefit subsidy claim audit for the 2018/19 and 2019/20 financial years.

Having considered the report, the Committee

Resolved that the report be noted.

10 Corporate Risk Register Updates

Members received a report from the Chief Executive which updated the Committee on the changes to the Council's corporate risk register at the end of Quarter Three of 2020/21.

The Risk Register had been updated by the risk owners during Quarter 1 and reviewed by the Council's Management Team on 26 May 2021. A copy of the register was attached at Annex A to the report.

The report advised that the intention was to review both the format of the register and risks. The risk register is being reviewed and overhauled, new risk escalation process needs to be created and approved. The new format and risk scoring would follow the methodology set out under a new Risk Management Policy. An update on the progress is set for the next Audit and General Purposes Committee scheduled for 23 September.

The Risk, Insurance and Procurement Officer was in attendance to answer questions from Members.

Councillor St John queried the information on page 93 of the report relating to Publica staff. He asked if there was a departmental budget for a set number of people, if statistics were available on numbers and the cost of agency staff.

Mr Butler advised that salaries and employment was kept to a budget and monitored by the Publica Board and HR. The Deputy Chief Executive advised that the recruitment process was under review as it had been acknowledged that some key posts were difficult to recruit to.

Councillor Postan suggested that the risk should be marked as 'red' bearing in mind the problems with staffing numbers in the Planning Department.

Members also raised queries and debated issues relating to development at Brize Norton and Housing Land Supply numbers.

Councillor Levy raised the concern that many of Publica's employees had to be sought from further afield due to the high cost of living and housing in West Oxfordshire.

Having considered the report and having heard from the officers present, the Committee

Resolved that the report be noted.

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II Member Questions

The Chairman addressed the meeting and read out the remit of the Audit and General Purposes Committee.

Councillor Postan went on to highlight the issue of staffing levels within Publica and advised that he did not feel some areas were getting the correct level of service, for residents and staff. He asked the Committee to consider active and positive suggestions for ways to solve the problem and reduce the risk.

Councillor Postan noted that the Publica Board were in the process of appointing an auditor and suggested that a representative be invited to the next Audit and General Purposes meeting. He felt that Councillors had taken the risk of starting Publica and had a duty to consider the value of that decision in monetary terms. He also felt that if more authorities joined Publica, West Oxfordshire's position could be diluted.

Councillor Dingwall felt that the Council had invested a huge amount of time and support and it would be unfair another member to join.

In response to a question of clarification from the Deputy Chief Executive, Councillor Postan advised that the evidence for scrutinising this issue was based on turnover and there was an evidential lack of service following the issues encountered in the planning department.

Councillor Postan asked if the review that Publica were undertaking into recruitment could be shared with Members and Mrs Griffiths advised that this would be possible, whilst reiterating that Publica were aware of the difficulties surrounding recruitment and were trying to address them.

The Meeting closed at 7.40 pm

CHAIRMAN

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