

Audit & Standards Committee

Minutes of the meeting held on Tuesday 30 August at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors K Dickson (Chair); R Dickson, B Gifford, Illingworth, King, Margrave, Murphy, and Wright.

Also Present:

Independent Persons: Belinda Pyke.

Officers: Rob Edwards (Committee Services Officer); Graham Leach (Democratic Services Manager & Deputy Monitoring Officer); Richard Barr (Audit & Risk Manager; and Andrew Rollins (Head of Financial Services – Interim).

11. Apologies and Substitutes

- (a) Apologies for absence were received from Councillors Ashford, Davison, Norris and Independent Person - Ray Tomkinson; and
- (b) Councillor Gifford substituted for Councillor Russell.

12. Declarations of Interest

There were no declarations of interest made.

13. Minutes

The minutes of the meeting held on 14 June 2022 were taken as read and signed by the Chair as a correct record.

14. Internal Audit Progress Report: Quarter 1 2022/23

The Committee considered a report from Finance which advised on the progress in achieving the Internal Audit Plan 2022/23, summarised the audit work completed in the first quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit. This aided effective governance within the Council.

In response to a comment from the Committee, the Audit & Risk Manager concurred that the layout of the report was complicated to understand, and he would make some alterations moving forward to make the report clearer, including some words of clarity before each statement.

Resolved that the report and appendices, be noted and approved.

15. Annual Governance Statement 2021/22 Action Plan: Review of Progress

The Committee considered a report from Finance which reviewed the progress that was being made in addressing the 'Significant Governance Issues' facing the Council as set out in its Annual Governance Statement 2021/22. The appendix accompanying the report detailed the progress in addressing the Significant Governance Issues.

The recommendation helped fulfil Members' responsibility for effective corporate governance within the Council and provided assurance to Members that the governance issues identified as part of the compilation of the Annual Governance Statement were being addressed.

The Committee noted that there was an adverse impact of the failed merger on staff morale, as well as the current cost of living crisis. It was important that Members ensured staff morale was maintained as much as possible.

The Democratic Services Manager and Deputy Monitoring Officer stated that there was a Workforce Update report going to the following week's Members – Trades Unions Joint Consultation & Safety Panel which detailed the ongoing work relating to the "Applause" package which offered recognition to officers of their hard work, dedication and commitment during difficult times, and wider staff engagement, recognising the importance of morale and supporting officers. This work had continued to carry on regardless of the failed merger.

Resolved that the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2021/22, be noted.

16. **Anti-Fraud and Corruption Statement 2022/23**

The Committee considered a report from Finance which presented an Anti-Fraud and Corruption Statement for review and approval by Members. The Statement provided a record of the Council's policies and objectives regarding countering fraud and corruption and was set out as Appendix A to the report. There were a number of actions that were being undertaken in order to prevent, deter and detect fraud and corruption and these were set out in Appendix B to the report.

The purpose of an audit committee was to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Counter-fraud and corruption measures formed a key part of each of those elements, thus providing the required assurance to Members.

In response to questions from Members, the Audit & Risk Manager stated that a review of Whistleblowing Policies would be added to the actions in the report, as it would be helpful in detecting fraud. He was happy with the Fraud Investigation services provided by Oxford City Council, but as with all services it was important to keep looking to ensure their performance was maintained and provided value for money. Furthermore, the cost of their service, and the money they had helped identify and save, meant that they had more than covered their cost.

Resolved that

- (1) the Anti-Fraud and Corruption Statement, be noted and approved; and
- (2) the actions to prevent, deter and detect fraud and corruption, be noted and approved.

17. **Corporate Fraud Investigation Performance Report 2021/22**

The Committee considered a report from Finance which provided details of the performance by the Corporate Fraud Investigation team for 2021/22.

A summary of Corporate Fraud Performance 2021/22 was attached as appendix 1 to the report, and appendix 2 to the report detailed the types of savings and, in the case of non-cash savings, how they had been calculated.

In response to a question regarding how much of the savings identified was actually retrieved by the Council, the Interim Head of Finance advised that he would speak to the Exchequer Manager to find the answer. He would report back to the Committee with data that followed through the process of recovering the savings identified, through to what was retrieved so there was a link between what the Audit & Risk Manager provided and the outcome from the end of the process.

Resolved that the report and its appendices, be noted and approved.

18. **Significant Business Risk Register**

The Committee considered a report from Finance which set out the latest version of the Council's Significant Business Risk Register. It was drafted following review by the Council's Joint Management Team and by the Leader of the Council. This would aid effective governance within, and of, the Council.

A summary of comments from the Committee to the Cabinet was attached as appendix 1 to these minutes.

Resolved that

- (1) the Significant Business Risk Register (SBRR), set out as Appendix 1 to the report and summarised as Appendix 2 to the report, be noted; and
- (2) the content of section 1.3 of the report and emerging risks as identified in section 1.4, of the report, together with additional risks in the SBRR be noted

(The meeting ended at 7.33pm)

CHAIR
22 November 2022

Dear Councillors Day and Hales,

Following the consideration of the Significant Business Risk Register at the Audit & Standards Committee on Tuesday 30 August, I am writing to you to feed back some comments that the Committee raised for consideration when you next review it.

Members felt that there were some good examples of risk on the Register, particularly making sure the Council considered the risk of failing to provide and protect/maintain Council owned property, as well as the issue of Climate Change. However, there was concern that there was little mention of a risk of a pandemic and the impact this could have on service delivery. The Committee felt it was a much bigger risk and should be on the register as a standalone risk.

The risk of industrial action has only been mentioned in passing, but at the moment that was considered to be significant risk to the Council, both from its own staff, contractors, or the impacts of wider industrial action.

Milverton Homes is only mentioned with regards to mitigation, but in the minutes of the 14 June Audit & Standards meeting which the Committee approved, there was an appendix detailing correspondence with officers whereby it was clearly considered a possible risk. Furthermore, the external auditors in their report specifically identified Milverton Homes as a risk. Therefore, considering the investment in Milverton Homes by this Council it was considered surprising it was not reflected in the Register as its own individual risk.

The risk regarding the Merger has been deleted but there was still clearly an effect on staff, and therefore the register does not reflect some of the features that the disappearance of the merger seems to have raised. Staff morale was likely to be affected currently given the cost of living crisis and inflation, and uncertainty regarding the future of the Council following the cessation of the merger was clearly a risk to staff morale. Which could be considered as reflections within the high turnover rate of employees at present. While members noted the good work of the Applause scheme and general staff engagement, it felt this risk should be reviewed overall as it may require a risk register of its own. The Committee considered the issue of revenues needed to be looked at. In their view the current situation regarding the cost of living crisis and inflation concerns was going to lead to the risk of reduced revenue, and increased applications for support. Members felt that the risks associated with the cost of living crisis would affect capital projects, as could be seen with the Leisure Development Project.

Members felt there needed to be clarity of the Significant Business Risk Register regarding how long items had been on the Register for in order to help Members monitor progress, and where there were strikethroughs on risk mitigation columns, there should be an explanation as to why.

While the Chairman accepted apologies from Leader and Deputy Leader for the meeting and would welcome assurance that at future meetings a Cabinet member would be in attendance.

Councillor K Dickson
Chair Audit & Standards Committee