

To: Members of the Audit Committee

## ***Notice of a Meeting of the Audit Committee***

**Wednesday, 29 February 2012 at 11.00 am**

**County Hall**



Peter G. Clark  
County Solicitor

February 2012

Contact Officer: **Geoff Malcolm,**  
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### **Membership**

Chairman – Councillor David Wilmshurst  
Deputy Chairman - Councillor Charles Mathew

### *Councillors*

Alan Armitage  
Tony Crabbe  
Roy Darke

A.M. Lovatt  
Larry Sanders  
C.H. Shouler

Lawrie Stratford

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### *Co-optee*

Dr Geoff Jones

### **Notes:**

***Date of next meeting: 18 April 2012***

***10.00am-10.50am (prior to the Committee meeting). Informal briefing for all members:  
'Adult Information System' (AIS) in Meeting Room 1.***

***Lead Officer: Simon Kearey, Social & Community Services***

***The Cabinet Member for Finance & Property has a standing invitation to attend and speak on agenda items within his portfolio***

***The Chairman (or Deputy Chairman) of the Strategy & Partnerships Scrutiny Committee has a standing invitation to attend and speak on agenda items***

County Hall, New Road, Oxford, OX1 1ND

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## Declarations of Interest

This note briefly summarises the position on interests which you must declare at the meeting. Please refer to the Members' Code of Conduct in Part 9.1 of the Constitution for a fuller description.

### **The duty to declare ...**

You must always declare any "personal interest" in a matter under consideration, i.e. where the matter affects (either positively or negatively):

- (i) any of the financial and other interests which you are required to notify for inclusion in the statutory Register of Members' Interests; or
- (ii) your own well-being or financial position or that of any member of your family or any person with whom you have a close association more than it would affect other people in the County.

### **Whose interests are included ...**

"Member of your family" in (ii) above includes spouses and partners and other relatives' spouses and partners, and extends to the employment and investment interests of relatives and friends and their involvement in other bodies of various descriptions. For a full list of what "relative" covers, please see the Code of Conduct.

### **When and what to declare ...**

The best time to make any declaration is under the agenda item "Declarations of Interest". Under the Code you must declare not later than at the start of the item concerned or (if different) as soon as the interest "becomes apparent".

In making a declaration you must state the nature of the interest.

### **Taking part if you have an interest ...**

Having made a declaration you may still take part in the debate and vote on the matter unless your personal interest is also a "prejudicial" interest.

### **"Prejudicial" interests ...**

A prejudicial interest is one which a member of the public knowing the relevant facts would think so significant as to be likely to affect your judgment of the public interest.

### **What to do if your interest is prejudicial ...**

If you have a prejudicial interest in any matter under consideration, you may remain in the room but only for the purpose of making representations, answering questions or giving evidence relating to the matter under consideration, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

### **Exceptions ...**

There are a few circumstances where you may regard yourself as not having a prejudicial interest or may participate even though you may have one. These, together with other rules about participation in the case of a prejudicial interest, are set out in paragraphs 10 – 12 of the Code.

### **Seeking Advice ...**

It is your responsibility to decide whether any of these provisions apply to you in particular circumstances, but you may wish to seek the advice of the Monitoring Officer before the meeting.

**If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.**

# AGENDA

## 1. Apologies for Absence and Temporary Appointments

## 2. Declarations of Interest - see guidance note

## 3. Minutes (Pages 1 - 4)

To approve the minutes of the meeting held on 18 January 2012 (**AU3**) and to receive information arising from them.

## 4. Petitions and Public Address

## 5. Treasury Management - Risk and Governance

11:10

As requested at the last meeting the Head of Corporate Finance will give a presentation on the risk and governance aspects of Treasury Management.

*The Committee is RECOMMENDED to note the position.*

## 6. Audit Working Group - 16 February 2012 (Pages 5 - 14)

11:50

Report by Chief Internal Auditor (**AU6**).

The report summarises the matters arising at the most recent meeting of the Audit Working Group (AWG).

*The Committee is RECOMMENDED to:*

- a) *note the report;*
- b) *approve the AWG terms of reference; and*
- c) *approve the timings and initial work programme for the AWG in 2012/13.*

## 7. Audit Committee Annual Report 2011 (Pages 15 - 28)

12:10

On 29 November 2006 the Committee adopted a process for preparing the report to

Council in respect of the Committee's performance on the implementation of its Work Programme, as follows: 'The Chairman & Deputy Chairman in consultation with the Assistant Head of Finance (Audit) to draft the report for comment by the Opposition Group Spokesman and the Chairman of the Audit Working Group and submission to the Committee.'

***The Committee is RECOMMENDED to endorse the Annual Report to Council 2011 (AU7).***

**8. Internal Audit Services - Internal Audit Strategy 2012/13 (Pages 29 - 40)**

12:30

Report By Chief Internal Auditor (**AU8**).

The paper details the Internal Audit Strategy, including the resources available and how we will be delivering our service in 2012/13. Work plans will be prepared on a quarterly basis and will be presented to the Audit Committee for approval.

***The Committee is RECOMMENDED to approve the Internal Audit Strategy.***

**9. Timing of Meetings (Pages 41 - 42)**

12:50

Report by County Solicitor & Monitoring Officer (**AU9**).

The Committee currently meets six times a year on a Wednesday morning. The County Council's senior management team meets every week at this time. Both the County Council Management Team and the Audit Committee require the continued focus and support of the Council's Chief Officers. Consequently, it is suggested that the Council's strategic management and its control arrangements would be enhanced by avoiding any clash between these meetings. This report therefore seeks the Committee's approval for an alteration in the timing of the Committee from Wednesdays at 11.00 a.m. to a new time of Wednesdays at 2.00 p.m.

***The Committee is RECOMMENDED to agree, and to RECOMMEND to Council, that future meetings of Audit Committee should take place in the afternoon from 2.00 p.m.***

**10. Audit Committee Draft Work Programme 2012/13 (Pages 43 - 46)**

1:10

***The Committee is RECOMMENDED to determine its Work Programme for 2012/13 (AU10).***

**1:15 Close of meeting**

***An explanation of abbreviations and acronyms is available on request from the Assistant Head of Finance (Audit).***

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**Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **23 February 2012** at **4pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

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## AUDIT COMMITTEE

**MINUTES** of the meeting held on Wednesday, 18 January 2012 commencing at 11.00 am and finishing at 1.20 pm

**Present:**

**Voting Members:** Councillor David Wilmshurst – in the Chair

Councillor Charles Mathew (Deputy Chairman)  
Councillor Alan Armitage  
Councillor Tony Crabbe  
Councillor Roy Darke  
Councillor Sandy Lovatt  
Councillor Larry Sanders  
Councillor C.H. Shouler

**Non-voting  
Co-optees:** Dr Geoff Jones

**Other Members in  
Attendance:** Councillor Jim Couchman, Cabinet Member for Finance  
& Property

**By Invitation:** Maria Grindley & Chris Baston, Audit Commission

**Officers:**

Whole of meeting Lorna Baxter, Head of Corporate Finance  
Peter Clark, County Solicitor & Monitoring Officer  
Ian Dyson, Chief Internal Auditor  
Geoff Malcolm, Committee Officer

*The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.*

**1/12 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**  
(Agenda No. 1)

An apology for absence was received from Councillor Lawrie Stratford.

**2/12 MINUTES**  
(Agenda No. 3)

The minutes of the meeting held on 16 November 2011 (AU3) were approved and signed.

Minute 54/11

The Chairman confirmed that his discussions with officers about a suggestion for further training for members about risk awareness were under way.

### **3/12 AUDIT COMMISSION**

(Agenda No. 5)

The Audit Commission representatives presented the following papers (**AU5**):

2011/12 - Oxfordshire County Council (OCC) Audit Plan

2011/12 - Oxfordshire Pension Fund Audit Plan

2010/11 - Certification of Claims & Returns – OCC\*

2011/12 - External Audit Progress Report January 2012 – OCC

\* Page 54 fifth action point: date was corrected from '2001' to '2011'.

Ms. Grindley outlined the proposed work under the audit plans and drew attention to the key milestones and deadlines for the accounting statements. The fee for the audit work represented a 10% reduction from the 2010/11 fee.

Mr Baston outlined the key points in the Certification of Claims including the results of the 2010/11 work, key milestones and deadlines and the progress against previous recommendations. He confirmed that the Commission would include in a future progress report an update on the agreed action relating to the employment-based initial teacher training grant return.

The Committee welcomed the reports, in particular the reduction in the Audit Commission's fees, and noted that an explanation was available on the Audit Commission's web site.

At members' suggestion Cllr Wilmshurst, Chairman undertook to discuss with officers and Dr. Jones, Chairman of the Audit Working Group the counter-fraud process matter raised at page 65, point 13.

**RESOLVED:** to note the reports and thank the Audit Commission team for their work.

### **4/12 INTERNAL AUDIT 2011/12 PROGRESS REPORT AND QUARTER 4 PLAN**

(Agenda No. 6)

Mr Dyson presented the Internal Audit Progress Report and Plan for Quarter 4 2011-12 (AU6). He drew members' attention in particular to two changes to the Quarter 4 Plan (previously considered by the Committee), to the counter-fraud plan which was annexed to the report and to Internal Audit's current performance against key indicators. He then responded to members' questions and comments including Internal Audit staffing, collaboration with other authorities and the planned work which had been outsourced and its impact on overall performance.

**RESOLVED:** to note the report and thank Mr Dyson and team for their work.



**5/12 REVIEW OF THE PROCESS FOR REPORTING ON THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

(Agenda No. 7)

Mr. Clark reminded members that in accordance with the Accounts and Audit Regulations 2011 the Council was required to undertake a review of the effectiveness of the system of Internal Audit. He then presented the report (AU7) which detailed the assurance framework and suggested a process for undertaking and reporting on the review.

**RESOLVED:** to

- (a) approve the process for reviewing the effectiveness of the System of Internal Audit;
- (b) approve the circulation list, content and format of the Annual Survey Questionnaire;
- (c) authorise the Monitoring Officer to undertake the review and report back to the Audit Committee; and
- (d) thank Mr. Clark and colleagues for their work.

**6/12 TREASURY MANAGEMENT STRATEGY STATEMENT**

(Agenda No. 8)

The Committee considered the report to Cabinet on 17 January 2012 (AU8) by the Assistant Chief Executive & Chief Finance Officer on the Treasury Management Strategy Statement and the Annual Investment Strategy for 2012/13.

Councillor Couchman confirmed that the Cabinet had resolved, as part of the budget proposals, to recommend Council to approve the Treasury Management Strategy Statement and the Prudential Indicators from April 2012, and that in relation to the 2012/13 strategy any further changes required be delegated to the Chief Finance Officer in consultation with the Leader and Cabinet Member for Finance.

Ms. Baxter introduced the paper and responded to members' questions and comments. The report complied with the technical requirement of the CIPFA Treasury Management Code of Practice and set out, amongst other things the investment strategy for the Council's temporary cash flow surpluses. The strategy continued the previous policy of maintaining security of capital, along with the liquidity of its investments, whilst achieving the optimum return on its investments commensurate with risk. Potential maximum exposure to credit risk was reflected in the Statement of Accounts and was taken into account in the assessment of the level of balances required.

The Committee sought further information on the risk and governance elements of the Treasury Management Strategy.

**RESOLVED:** to

- (a) receive and note the report;
- (a) pay tribute to the work of the Treasury Management Team in an extremely active/difficult time; and
- (b) include in the Committee’s Work Programme for the next meeting an item on Treasury Management - risk and governance.  
(See also Work Programme at agenda item 9 below).

**7/12 AUDIT COMMITTEE WORK PROGRAMME - REVIEW/UPDATE**

(Agenda No. 9)

The Committee considered and **RESOLVED** to agree its Work Programme for the remainder of the Council Year subject to:

- (a) noting that the informal pre-meeting briefing on the Adult Information System (AIS), which had been deferred from 18 January 2012, had been re-scheduled for 29 February 2012; and
- (b) the addition at the next meeting of the topic raised at item 8 above (the risk and governance elements of the Treasury Management Strategy) for the next meeting.

**8/12 DCLG CONSULTATION ON THE FUTURE OF LOCAL PUBLIC AUDIT**

(Agenda No. 10)

Mr Dyson reminded the Committee that in June 2011 the Audit Working Group and the Committee considered the DCLG consultation paper on the “Future of Local Public Audit”. Following the discussions a response to the consultation was submitted at the end of June. The DCLG response to the future of local audit consultation had been circulated to members (a hard copy could be obtained upon request to Mr. Dyson). He then presented a brief summary of the key elements of the new local public audit framework. The Government proposed, subject to some further work, to set out the preferred approach and publish a draft Bill in Spring 2012.

A member’s suggestion to write to the Government objecting to the proposals to enable auditors to provide non-audit services to the audited body, subject to safeguards, was rejected.

**RESOLVED:** to note the current position.

..... in the Chair

Date of signing .....

## **AUDIT COMMITTEE – 29 February 2012**

### **REPORT OF THE AUDIT WORKING GROUP (AWG)**

The Audit Working Group met on 16 February 2012

The meeting was attended by:

Dr. Jones – Chairman; Cllr. Wilmshurst; Cllr. Armitage; Cllr. Mathew; Sue Scane; Peter Clark; Ian Dyson; Claire Phillips; Neil Shovell.

Part meeting only: AWG4 Steve Smith.

Observers: Cllr. Larry Sanders; Cllr. Darke; Cllr. Shouler

Apologies: Cllr. Lovatt

### **AWG WORK PROGRAMME ITEMS**

The main business items of the meeting were as follows:

AWG 4 Internal Audit Report

AWG 5 Risk Management Report

A scheduled progress report on the Alert Service was deferred to the next AWG as the Officer was unable to attend the meeting.

### **MATTERS FOR REPORT TO THE AUDIT COMMITTEE:**

#### **Matters arising from the Audit Committee 18 January**

At the committee meeting, the Audit Commission highlighted that nationally, Personal Budgets are being identified as a fraud risk. The Committee asked the Audit Working Group to consider how this risk is being mitigated in Oxfordshire. The Deputy Director, Adult Social Care will be attending the AWG meeting on 5 April 2012 to explain the how Personal Budgets are being controlled.

#### **Internal Audit Report**

This item was attended in part by the Highways and Transport Service Manager, as the report included the outcome from the follow-up audit on Highways Contract; and, details of the audit of Schools Transport Service Contract Management that concluded “unacceptable” level of control.

The Group noted the follow-up audit of Highways Contract reported a significant improvement on previous audit conclusions, although some actions remain on-going. The Highways and Transport Service Manager confirmed the actions are being progressed and will be completed by 1 April 2012. The Group accepted the update from Officers.

The Group considered the Schools Transport Service Contract Management audit report, but were also informed at the meeting by Officers that subsequent to the report it had been necessary to award a number of contracts under a mid-term tender process; the controls around that process are currently being reviewed and

may result in a revised management action plan. The Group expressed strong concerns over the findings from the audit, but noted the Officer's comments that the audit was focussed on the systems in place looking back in time. The Officer informed the Group that e-tendering was now in operation, and that a restructure of the team was due to be completed by the end of March, and that will address a number of the control issues identified in the audit. The Group has asked for a further update from both Internal Audit and the Highways and Transport Service Manager, at the next meeting.

It was noted that Internal Audit are currently undertaking an audit of compliance with contract procedure rules, as part of the Procurement Strategy, Governance and Communication audit. The Group requested details of the findings from the audit at the next meeting.

The Chief Internal Auditor reported positive assurance that good progress has been made with the actions arising from the audits of CEF Safeguarding, SCS Safeguarding, and Alert Service, all previously reported as "unacceptable" control; however, the Group noted outstanding actions on the Alert Service relating to a contractual issue, and have requested the Senior Manager attend the next meeting to discuss.

It was reported that the SAP Operations Group has not completed the work reviewing the risks of conflicts within SAP roles. The Group has asked for an update at the next meeting and is expecting that to include a detailed assessment of the risk exposure to be assured that any resources required are proportionate to the risk.

### **Risk Management Report**

The Group was pleased with the information supplied in the report, and noted that key performance and risk issues are being identified and escalated to CCMT on a timely basis. There were no concerns raised regarding the risk management process; however, the Group will be seeking assurance through the risk management reports that actions taken to mitigate the risks have been effective and performance improved.

### **AWG Terms of Reference**

The Audit Committee reviews the terms of reference for the Audit Working Group annually. The proposed terms of reference is attached as annex 1 to this report. There have been minor changes to job titles, but the Group is recommending no other changes to the current terms of reference.

### **Work Programme**

The updated work programme is attached as annex 2 to this report, including proposed dates for the AWG in 2012/13.

## **RECOMMENDATION**

**The Committee is RECOMMENDED to:**

- a) note the report;**
- b) approve the AWG terms of reference; and**
- c) approve the timings and initial work programme for the AWG in 2012/13.**

SUE SCANE

Assistant Chief Executive & Chief Finance Officer  
Corporate Core

Contact: Officer: Ian Dyson, Assistant Head of Finance (Audit) Tel 01865 323875  
[ian.dyson@oxfordshire.gov.uk](mailto:ian.dyson@oxfordshire.gov.uk)

February 2012

## **ANNEX 1**

### **Audit Working Group**

#### **Terms of Reference**

#### **Membership**

The Audit Working Group shall comprise of:-

the independent member of the Audit Committee who will chair the Group, together with three members of the Audit Committee, one of whom shall be the Chairman of the Committee. There will also be three named members of the Audit Committee who will deputise as required.

The Assistant Chief Executive & Chief Finance Officer, the County Solicitor and Monitoring Officer, the **Chief Internal Auditor**~~Assistant Head of Finance (Audit)~~, and the Corporate Performance & Review Manager, or their representatives shall attend the Group meetings.

Members of the Group and their deputies should have suitable background and knowledge to be able to address satisfactorily the complex issues under consideration and should receive adequate training in the principles of audit, risk and control.

All members of the Audit Committee are invited to attend Audit Working Group Meetings as observers. The **Chief Internal Auditor**~~Assistant Head of Finance (Audit)~~ should be notified in advance should a member of the Committee wish to attend.

#### **Role**

The Audit Working Group shall:

act as an informal working group of the Audit Committee in relation to audit, risk and control to enable the Committee to fulfil its responsibilities effectively in accordance with its terms of reference (Part 2 Article 8 Section 1a of the Constitution);

routinely undertake a programme of work as defined by the Audit Committee;

consider issues arising in detail as requested by the Audit Committee;

receive private briefings on any matters of concern;

at least annually hold a private session with the External Auditors not attended by any officers, and a further private session on Internal Audit matters with the **Chief Internal Auditor** ~~Assistant Head of Finance (Audit)~~ only.

## **Reporting**

The Assistant Chief Executive & Chief Finance Officer will report to the Audit Committee on matters identified by the Group following consultation with the Chairman and members of the Group.

## **Meeting**

The Group shall meet regularly in cycle with the Audit Committee.

The Group may invite any officer or member of the Council to attend its meetings to discuss a particular issue and may invite any representative of an external body or organisation as appropriate.

## **Confidentiality**

The Group will meet in private to allow full and frank consideration of audit, risk and control issues.

All matters discussed and papers submitted for the meetings including minutes of the previous meeting must be treated as confidential. Papers will be circulated in advance to all members of the Audit Committee for information whether attending the Group or not.

Where any other member wishes to inspect any document considered by the Group and believes that s/he has a 'need to know' as a County Councillor, the procedure in the Council's Constitution relating to Members Rights and Responsibilities (Part 9.3) shall apply.

Updated .....February 2012

Review Date.....February 2013

Officer Responsible      Ian Dyson, Chief Internal Auditor  
Telephone 01865 (32)3875  
lan.dyson@oxfordshire.gov.uk





## ANNEX 2

### Proposed Dates for Audit Working Group 2012/13

<b>Dates of Audit Committee</b>	<b>PROPOSED Dates for Audit Working Group 10:00 – 14:00</b>
29 February 2012	Special Meeting Immediately Following the Audit Committee
18 April 2012	05 April 2012 – Meeting Room 1 10:00 – 14:00
04 July 2012	21 June 2012 – Meeting Room 4 10:00 – 13:00
19 September 2012	10 September 2012 – Meeting Room TBC 10:00 – 14:00
21 November 2012	08 November 2012 – Meeting Room 4 10:00 – 14:00
16 January 2013	<b>No meeting</b>
27 February 2013	14 February 2013 – Meeting Room TBC 10:00 – 14:00
27 February 2013	Special Meeting Immediately Following the Audit Committee

In 2011/12 the AWG meeting scheduled for 5 January 2012 was cancelled as there was a limited agenda. It is proposed that we permanently remove the January meeting from the schedule.

## **ANNEX 2**

### **AUDIT WORKING GROUP WORK PROGRAMME 2012/13**

**2012**

#### **Wednesday 29 February**

##### **SPECIAL MEETING IMMEDIATELY FOLLOWING THE AUDIT COMMITTEE**

- Private Session with External Auditors - TBC
- Private Session with the Assistant Head of Finance (Audit)

#### **Thursday 5 April**

- Internal Audit Progress Report – Ian Dyson
- Risk Management Report – Claire Phillips
- Whistleblowing Incidents 2011/12 - Peter Clark
- AGS Actions - 2010/11 update and 2011/12 early draft - Kathy Wilcox
- Fairer Charging - John Dixon and Jo Stone
- Personal Budgets - John Dixon
- Alert Service - Simon Kearey

#### **Thursday 21 June**

- Internal Audit Report – Ian Dyson
- Draft Internal Audit Annual Report – Ian Dyson
- Risk Management Report – Claire Phillips
- Draft Annual Governance Statement

#### **Monday 10 September**

- Internal Audit Report – Ian Dyson
- Risk Management Report – Claire Phillips

#### **Thursday 8 November**

- Internal Audit Issues – Ian Dyson
- Risk Management Progress Report – Belinda Dimmock-Smith
- Quarterly Update AGS Action Plan – Kathy Wilcox
- Annual Governance Statement Process – annual review of the assurance framework - Peter Clark

**2013**

#### **Thursday 14 February**

- Internal Audit Report – Ian Dyson
- Risk Management Report – Claire Phillips
- Quarterly Update AGS Action Plan – TBC
- Draft work programme 2012/13 – Ian Dyson
- Review of AWG Terms of Reference – Ian Dyson

#### **Wednesday 27 February**

##### **SPECIAL MEETING IMMEDIATELY FOLLOWING THE AUDIT COMMITTEE**

- Private Session with External Auditors - TBC
- Private Session with the Assistant Head of Finance (Audit)

Last updated: 9 February 2012

Ian Dyson, Chief Internal Auditor 01865 323875



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# AUDIT COMMITTEE ANNUAL REPORT 2011



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## Chairman's Introduction

In this report I have detailed the role of the Audit Committee, and summarised the work we have undertaken as a Committee and through the support of the Audit Working Group in 2011.

The Audit Committee performs an essential role, and we continue to have a strong presence. Through the work of this Committee I am happy to conclude that whilst there are areas for improvement, Corporate Governance, Financial Management and Internal Control within the Council remains strong.

As a Council we are now in the second year of delivering our Business Strategy, and in 2011 we have seen the continuation of the major restructuring and redesign of service delivery through the Directorate Business Strategies. Change of this magnitude is a major challenge for any organisation, so it is essential that strong and effective governance is maintained. As an Audit Committee it is our job to support the successful delivery of the Business Strategies by monitoring and challenging the effectiveness of the governance arrangements that underpin them, and the operation of the systems of internal control that should be maintained across the Council. This has been the main focus of our work during 2011, and will continue to be for the duration of the Business Strategies. We are grateful to the Chief Executive and the County Council Management Team, for their engagement during 2011 that has ensured the Audit Committee are well briefed on the detail and progress in delivering these Strategies.

An important part of being effective as an Audit Committee is the relationship with both our Internal and External Auditors. We continue to have a strong working relationship with both. In my role as Chairman and Risk Management Champion I meet regularly with the Chief Internal Auditor and the Senior Policy and Performance Officer to discuss local issues to ensure the focus of the work programme is relevant.

I am very pleased to report that the Committee continues to receive good support from both Officers and Cabinet Members; we also encourage representation from the Strategy and Partnership Scrutiny Committee at our meetings to provide an insight into areas that may be of interest to the Audit Committee arising from their work and vice versa.

Finally I should like to take this opportunity to give my personal thanks to fellow Committee Members and the Officers who have supported this Committee so well.

Cllr. David Wilmshurst  
Chairman, Audit Committee

## Role of the Audit Committee

The Audit Committee operates in accordance with the “Audit Committees, Practical Guidance for Local Authorities” produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2006. The Guidance defines the purpose of an Audit Committee as follows:

“ to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority’s financial and non-financial performance to the extent that it affects the authority’s exposure to risk and weakens the control environment, and to oversee the financial reporting process.”

The key functions of the Audit Committee are defined within the Council’s Constitution; the relevant extract is attached as Annex 1 to this report. In discharging these functions the Committee is supported by the Audit Working Group, their terms of reference are attached as Annex 2 to this report.



## Key Activities

In this section the activities of the Committee in 2011, including the Audit Working Group, are summarised under the headings of the key functions. Achievements and improvements to which the Audit Committee has contributed are highlighted.

### Internal Control

The 2010/11 Annual Governance Statement (AGS) was successfully prepared using the revised assurance process approved by the Committee. The self-assessment procedure has been replaced with assurance statements provided by Corporate Process Owners, and with Internal Audit undertaking specific governance audits across the Directorates. Following its success we have agreed that the same process should be followed for the 2011/12 AGS. The Committee has monitored the progress with actions arising from 2009/10 and 2010/11 Annual Governance Statements.

A key focus of the Committees work in 2011 has been the Business Strategies. In June 2011 the County Council Management Team, including the Chief Executive, attended the Audit Committee to provide an extensive briefing on the Council and Directorate Business Strategies and to answer questions posed by the Committee. Following that meeting we have built into our forward plan, regular updates on progress with those strategies from the Assistant Chief Executive and Chief Finance Officer.

The Committee obtained assurances on the success of the project rolling out SAP for Schools, and the impact it has had on internal control. We have also pursued an on-going issue seeking satisfactory performance in the collection of income through the Fairer Charging process.

In response to Internal Audit and Risk Management reports the Committee has looked in detail at the following areas:

- E&E Project and Risk Management arrangements
- Concessionary Travel
- SAP roles
- Highways Contract
- CEF Safeguarding
- SCS Safeguarding

### Key Achievements

- Sustained high level of governance and system of internal control.
- Prompt action on material issues identified.

### Key Areas of Focus Looking Forward to 2012

- Maintaining effective governance and internal control as the Council continues with the fundamental changes arising from the Business Strategies.

## **Risk Management**

The Committee received an annual report from the Corporate Performance and Review Manager, and has been monitoring the risk management improvement plan, and the adequacy and effectiveness of the system of risk management through the routine reporting by the Senior Policy Officer to the Audit Working Group.

The key focus of risk management development in 2011 has been training and support for Directorate in the identification and monitoring of risks, and most significantly the integration of risk management into to business management procedures operated by the Directorates, and reported quarterly to CCMT. Whilst underpinned by improvements to the design of the risk registers to make them easier for the end user, the escalation process has evolved such that the quarterly business management reports are highlighting the key strategic risk and performance issues that need the attention of CCMT. The reports received by the AWG show the escalation to CCMT.

In early 2011, this report highlighted weakness in the project management and risk management processes with E&E, so the Officers attended the AWG to explain and outline improvements to their process, supported by the Senior Policy Officer. Recent governance reports produced by Internal Audit demonstrate that the Directorate has improved in this area.

### **Key Achievements**

- **Training of key managers and staff in Directorates has been completed.**
- **Risk management is embedded in the Business Management Process and Reporting within Directorates.**
- **Escalation reporting to CCMT is focussed on the key business management issues and material risks.**

### **Key Areas of Focus Looking Forward to 2012**

- **The restructures in Directorates are not yet completed, and the business management posts, of which ensuring effective risk management is an integral part, are mostly new posts with some changes to personnel. The Committee will monitor through the reporting of the Senior Policy and Performance Officer that the risk management process remains effective.**
- **The consistency and detail in the risk management reports presented to the AWG has significantly improved; however, because the reports are based on the quarterly reporting to CCMT the timing of our meetings can mean the information is not always reflective of current issues. The Group has requested that in future the reports include any significant emerging issues with regards to the effectiveness of risk management.**

## **Internal Audit**

The Audit Committee with the assistance of the Monitoring Officer completed the annual review of the effectiveness of the System of Internal Audit, and concluded it was acceptable. To inform our opinion we met with the Chief Internal Auditor in a private session and were satisfied that he is able to conduct his duties effectively without restriction or undue influence.

In March 2011 we approved the Internal Audit Strategy for 2011/12, endorsing the move to quarterly work plans rather than an annual plan. This allows the service to be more responsive to support Directors where independent assurance is required over the management of their strategic and operation risks. The Chief Internal Auditor presents the quarterly plan for the approval of the Audit Committee which gives members the opportunity to challenge and influence the plan where the Committee has identified areas of concern.

We have also revised the Internal Audit reporting cycle. The Audit Committee has always received the Internal Audit Strategy, Work Plan and Annual Report, but in 2011, we have also received quarterly progress reports, including summaries of all outcomes from the completed internal audit work. The Audit Working Group receives a report at every meeting highlighting any emerging issues from the internal audit work, and the status of the implementation of agreed management arising from the audit reports. This change has worked particularly well as it is ensuring the Committee is informed earlier of issues, and through the Audit Working Group can bring in the senior managers to ensure prompt action will be taken.

### **Key Achievements**

- **Improved performance on the implementation of management actions. Working with Internal Audit to oversee the management action follow up process, including on occasions the Chairman writing to responsible officers where progress is not satisfactory, has seen improvement to the implementation rate.**
- **Earlier engagement with management to ensure areas of unacceptable control is addressed. In 2011 we have responded promptly to Internal Audit reports with "Unacceptable" conclusions and have met with senior managers to get assurance that prompt actions are taken; E&E Highways Contract; SCS Safeguarding; SCS Alert Service; and, CEF Safeguarding (Quality Assurance Process).**

### **Key Areas of Focus Looking Forward to 2012**

- **In 2011 the in-house Internal Audit Team lost four staff who resigned their position, increasing the reliance on outsourced support. There has been an impact on the performance of producing reports on a timely basis. It is expected that vacancies will be recruited to early in 2012 so the Committee will be monitoring the impact this has on performance.**

- **It is expected that new action tracking software will be operational in early 2012 which should improve the efficiency with which actions are monitored and progress reported.**

## **External Audit**

The Council's External Auditors, the Audit Commission, have routinely attended committee meetings in 2011. This enabled the Committee to forge a good working relationship with the Auditors. The Committee also met with the External Auditors in a private session and are satisfied they are free to carry out their duties without restrictions. We are also assured that if identified they would bring any material issues to the attention of the Committee.

Whilst we are happy with the current Auditors, The Department for Communities and Local Government has announced major changes to the future for Public Audit, and from September 2012 there will be a change to the service provider; who it will be is not yet known. We are very grateful to our Auditors for keeping us informed of the changes and the process of tender for the contract from September 2012.

The Committee responded to the DCLG consultation published in June 2011, on the Future of Local Public Audit. The Government response to that consultation was not received until January 2012, and much of the detail still has to be determined, however we do know that at the completion of the contract currently out to tender by the Audit Commission, responsibility for the procurement of external auditors will reside with the Council. It is also expected there will be changes prescribed to the constitution of the Audit Committee as it currently stands to manage that procurement.

## **Key Achievements**

- **Very positive audit reports, in particular the Audit of the Statement of Accounts which once again identified no material issues or matters of concern.**

## **Key Areas of Focus Looking Forward to 2012**

- **The Auditors identified issues in some of their Grant work where improvements are required in the accounting process. The Committee will seek assurances that action is being taken.**
- **It is unclear at this stage who our new Auditors will be from September 2012, and what if any impact it will have.**

## **Anti-Fraud and Corruption**

The Audit Committee receives regular updates from the Chief Internal Auditor on any matters of fraud and corruption. The Committee has also approved the Counter-Fraud plan.

In January 2011 the output from the National Fraud Initiative data matching exercise was received, and officers have been investigating the matches. The process is

overseen by Internal Audit and subject to review by the External Auditors, who have reported they are satisfied with the progress being made. The results are very positive with no material errors being identified.

We received a report on Whistleblowing from the Monitoring Officer, that highlighted there have been very few cases. The Council has a strong system of internal control so it is not unexpected there is very little fraud identified; however nationally statistics show that fraud is on the increase, so it is important that we all remain vigilant.

#### **Key Achievements**

- **Good governance and strong System of Internal Control that is effective in minimising the risk of fraud.**

#### **Key Areas of Focus Looking Forward to 2012**

- **The resources allocated by Internal Audit to Counter-Fraud work has reduced in 2011 due to the high turnover in their team. This will need to be addressed in 2012 to ensure vigilance is maintained.**

### **Annual Accounts Process**

The 2010/11 Accounts were prepared for the first time under the new International Reporting Standards. The Accounts and Audit Regulations were also updated in March 2011, with a change that the Accounts no longer had to be reviewed by the Audit Committee prior to submission for audit; however, we considered it to be good practice to review the submitted accounts in conjunction with the Annual Governance Statement.

#### **Key Achievements**

- **Once again the Audit of the Statement of Accounts found no material issues.**

#### **Key Areas of Focus Looking Forward to 2011**

- **Maintaining the current high standards.**

## **Membership, Meetings & Attendance**

### **Audit Committee**

The Audit Committee comprises of nine elected members representing all political parties and a Co-opted Member, Dr. Geoff Jones.

The Audit Working Group, chaired by Dr. Jones, comprises of three elected members; Cllr. Wilmshurst, Cllr. Mathew, and Cllr. Armitage, plus officers. Papers for the Audit Working Group are circulated in advance to all members of the Audit Committee who can request to attend the working group meetings.

There has been minimal change to the membership during 2011, which has been important in maintaining the right balance of skills, knowledge and experience which the committee needs to be effective. In June 2011, Cllr. Crabbe replaced Cllr. Jelf on the Committee, with Cllr. Mathew elected as Vice Chairman.

### **Other Members**

The Committee was grateful for the regular attendance and contribution by the Cabinet Member for Finance and Property, and the representation from the Strategy and Partnerships Scrutiny Committee.

### **Officers**

The Audit Committee continues to be well supported by Officers, providing reports either in accordance with the Committee's work programme, or at the request of the Committee. In 2011 the Assistant Chief Executive & Chief Finance Officer, the County Solicitor & Monitoring Officer, and the Chief Internal Auditor attended routinely attend the meetings. These same officers along with the Performance and Review Officer also attended the Audit Working Group meeting.

### **External Audit**

Our External Auditors, the Audit Commission, routinely attend all the Audit Committee meetings.

### **Meetings**

The Audit Committee met seven times in 2011 and the Audit Working Group met six times. Work programmes are used by both the Audit Committee and the Audit Working Group to ensure requirements of the Committee are fulfilled. The programmes are reviewed with officers at each meeting and added to when appropriate to ensure ad-hoc investigations instigated by the Committee are reported.



## ANNEX 1 - Audit Committee Functions

The following are the functions of the Audit Committee extracted from the Constitution – Part 2 Article 8 Section 1(a).

1. The functions in relation to the approval of the statement of accounts etc specified in Paragraph 45 in Section I of Schedule 1 to the Functions Regulations including the Annual Governance Statement (including Statement on Internal Control).
2. To monitor the risk, control and governance arrangements within the Council, together with the adequacy of those arrangements and those of others managing Council resources:
  - to ensure compliance with relevant legislation, guidance, standards, codes and best practice, whether external or internal;
  - to provide assurance on the effectiveness of those arrangements both generally and for the purposes of the Annual Governance Statement, including arrangements for reporting significant risks; and
  - to ensure coordination between internal and external audit plans to maximize the use of resources available as part of a total controls assurance framework;
  - and to draw to the attention of the Strategy & Partnerships Scrutiny Committee any issues which in the Committee's view would benefit from a scrutiny review or further investigation.
3. To consider and comment on the Council's External Auditor's annual work plan, the annual audit letter and any reports issued by the Audit Commission or the Council's External Auditor. Where issues affect the discharge of executive functions, to make recommendations as appropriate to the Cabinet, and where any issues affect the discharge of non-executive functions, to make recommendations to the appropriate Council Committee.
4. To systematically monitor:
  - the performance and effectiveness of Internal Audit Services processes within the Council, including undertaking an annual review using key performance indicators e.g. client satisfaction, percentage of plan completed, percentage of non-chargeable time;
  - the strategic Internal Audit Services Plan and annual work plan, advising on any changes required to ensure that statutory duties are fulfilled;
  - resourcing for the service, making recommendations to the Cabinet and Council on the budget for the service; and
  - arrangements for the prevention and detection of fraud and corruption;
  - the system for Treasury Management;

- and to draw to the attention of the Strategy & Partnerships Scrutiny Committee any issues which in the Committee's view would benefit from a scrutiny review or further investigation.
5. To implement the foregoing in accordance with a programme of work agreed by the Committee annually in advance, and to report to the Council on the Committee's performance in respect of that programme.

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## **ANNEX 2 - Audit Working Group Terms of Reference**

### **Membership**

The Audit Working Group shall comprise of:-

the independent member of the Audit Committee who will chair the Group, together with three members of the Audit Committee, one of whom shall be the Chairman of the Committee. There will also be three named members of the Audit Committee who will deputise as required.

The Assistant Chief Executive & Chief Finance Officer, the County Solicitor and Monitoring Officer, the Chief Internal Auditor, and the Corporate Performance & Review Manager, or their representatives shall attend the Group meetings.

Members of the Group and their deputies should have suitable background and knowledge to be able to address satisfactorily the complex issues under consideration and should receive adequate training in the principles of audit, risk and control.

All members of the Audit Committee are invited to attend Audit Working Group Meetings as observers. The Chief Internal Auditor should be notified in advance should a member of the Committee wish to attend.

### **Role**

The Audit Working Group shall:

act as an informal working group of the Audit Committee in relation to audit, risk and control to enable the Committee to fulfil its responsibilities effectively in accordance with its terms of reference (Part 2 Article 8 Section 1a of the Constitution);

routinely undertake a programme of work as defined by the Audit Committee;

consider issues arising in detail as requested by the Audit Committee;

receive private briefings on any matters of concern;

at least annually hold a private session with the External Auditors not attended by any officers, and a further private session on Internal Audit matters with the Chief Internal Auditor only.

## **Reporting**

The Assistant Chief Executive & Chief Finance Officer will report to the Audit Committee on matters identified by the Group following consultation with the Chairman and members of the Group.

## **Meeting**

The Group shall meet regularly in cycle with the Audit Committee.

The Group may invite any officer or member of the Council to attend its meetings to discuss a particular issue and may invite any representative of an external body or organisation as appropriate.

## **Confidentiality**

The Group will meet in private to allow full and frank consideration of audit, risk and control issues.

All matters discussed and papers submitted for the meetings including minutes of the previous meeting must be treated as confidential. Papers will be circulated in advance to all members of the Audit Committee for information whether attending the Group or not.

Where any other member wishes to inspect any document considered by the Group and believes that s/he has a 'need to know' as a County Councillor, the procedure in the Council's Constitution relating to Members Rights and Responsibilities (Part 9.3) shall apply.

Updated .....February 2012

Review Date.....February 2013

Officer Responsible      Ian Dyson, Assistant Head of Finance (Audit)  
Telephone 01865 (32)3875  
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**OXFORDSHIRE COUNTY COUNCIL**  
**INTERNAL AUDIT SERVICES**  
**INTERNAL AUDIT STRATEGY 2012/13**

Ian Dyson  
Chief Internal Auditor

February 2012

## **INTERNAL AUDIT SERVICES**

### **INTERNAL AUDIT STRATEGY 2012/13**

#### **1. Introduction**

- 1.1 This paper details the Internal Audit Strategy, including the resources available and how we will be delivering our service in 2012/13. Work plans will be prepared on a quarterly basis and will be presented to the Audit Committee for approval

#### **2. Internal Audit Strategy**

- 2.1 The Accounts and Audit Regulations 2011 (S6) state that the Council needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with the proper internal audit practices. Proper internal audit practices are defined in the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006. CIPFA are revising the Code of Practice during 2012/13, and any material changes will be reported to the Audit Committee.
- 2.2 The CIPFA Code of Practice 2006 defines Internal Audit as an assurance function whose primary role is to provide an independent and objective opinion to the Council on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and efficient use of resources.
- 2.3 The Chief Internal Auditor provides this opinion in an annual report on the System of Internal Control, which is used to inform the Council's Annual Governance Statement. In providing this opinion we are required to review annually the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis. The methodology for identifying areas for audit is detailed in section 3 of this report.
- 2.4 The Internal Audit Service is delivered in collaboration with Buckinghamshire County Council, with resources shared between the two Councils.
- 2.5 A key part of the strategy is ensuring the right skills mix and resources exist to deliver an effective service. In 2011/12 there was a high turnover of staff, with a Principal Auditor, a Senior Auditor, and an Auditor leaving. This resulted in an increased reliance on outsourcing auditor days. Through the collaboration with Buckinghamshire County Council, we are in a position now to jointly recruit to four posts. This will provide greater

flexibility with the use of resources, and minimise the impact of the planned budget reduction. There is however some uncertainty with the resourcing:

- A member of the team will be returning from maternity leave in July 2012. At this stage it is uncertain whether the member of staff will request a change of hours or will return full time.
- The recruitment may not be completed until the beginning of April, and posts may not be filled until well into quarter 1. In this case we will backfill using the call off contract.
- New staff may have professional training commitments which we would support. This would increase their overhead in the short term. This impact will be assessed should this occur, but as a contingency, a provision has been made to allow for this to be backfilled.

2.6 In Oxfordshire we will continue to contract out IT Audit.

2.7 There will remain a significant emphasis for internal audit activity in reviewing financial systems and compliance with the governance framework; however, as the Council implements the Business Strategy and service delivery changes, assurance on strategic risks such as major procurement of services, and changes to the management infrastructure are key areas requiring assurance, along with the key operational risks. To ensure we are directing audit resources to key risk areas we will be operating on a quarterly planning cycle that will be integrated with the Corporate Performance Team.

### **3. Audit Planning Methodology**

3.1 A quarterly internal audit plan will be produced in consultation with the Corporate Performance Team and with consideration to the risk registers. This will be agreed with the Directors and their Leadership Teams during quarterly meetings.

3.2 The Quarterly plans will be presented to the Audit Committee for consideration and comment.

3.3 The Audit Plans will continue to be influenced by external organisations and statutory bodies we work with and provide assurance to. We have developed a joint working protocol with the Audit Commission that is enabling us to review our approach to the auditing of key financial systems without affecting the assurance we can give, or the reliance Audit Commission place on our work.

3.4 We will continue to support the Corporate Governance Assurance Group in producing the annual governance statement through undertaking annual compliance audits that will support Directors in completing their annual statements. The Chief Internal Auditor is a member of the Group

3.5 Counter-fraud will continue to be part of the planned audit activity. Where an investigation is required this will be a charged back service, and the

income used to back fill, or procure the services as required. We are currently exploring with another Authority the opportunity for them to provide a fraud investigation service on a call off basis.

#### 4. Resources

4.1 The Internal Audit Service is resourced as follows:

<b>In House Team</b>	<b>2012/13 FTE</b>	<b>Chargeable Days available</b>	<b>Planned OCC days 2011/12</b>	<b>Planned External days 2011/12</b>
Chief Internal Auditor	1.0	184	92	92
Audit Managers	1.6	299	219	80
Principal Auditors (1 vacancy)	2.8 – (including maternity leave)	408	238	170
Senior Auditor (2 vacancies)	2.0	398	198	200
Auditors (1 vacancy)	1.0	199	144	55
CIPFA Trainee	0.5	74	74	0
Audit Assistant	0.8	108	108	0
<b>External</b>				
IT Audit		130	100	30
Deloitte		260	260	
<b>Total</b>	<b>9.7</b>	<b>2060</b>	<b>1433</b>	<b>627</b>

### Analysis of auditor days

	2012/13	Comments	2011/12	Diff.	Reason for change
Gross days – In house team	2423	This represents 9.7 FTE	2388	+35	
Contract days	390	This is made up of: 100 days IT Audit plus 30 days IT Audit for TVPA  260 days Audit Services Contract. (This may increase subject to vacant posts being filled)	587	-197	The reduction in days reflects the expected increase in the in-house provision, and also a reduction in days expected for the TVP audit.
<b>Total Gross days</b>	<b>2813</b>		<b>2975</b>	<b>-162</b>	
Overheads	562	This time is for bank holidays, annual leave, special leave, training, contingency for sick absence, and recruitment. It also includes for maternity leave in the first quarter.	789	-227	The reduction is due to the staffing changes and a reduction in the time for professional training. This may be subject to change depending on the outcome of the recruitment.
Non Chargeable Days	191	The non chargeable days are for non audit related activity, including administration time, the wider role of the AHOF (Audit), staff appraisals, 1:1's and departmental work.	177	14	Small increase in non-chargeable days due to staffing changes.
<b>Total Chargeable days available</b>	<b>2060</b>	This is the number of days that contribute directly to internal audit activity.	<b>2009</b>	<b>51</b>	

Chargeable Days – non assignment	263	These are days not attributed to planned audit activity, such as the Chief Internal Auditors management days, admin support for actual audit work, preparation of the audit plan, operational planning, reports for the AWG and Audit Committee, and corporate assurance groups	255	8	There is a small increase as a result of staffing changes.
Chargeable days – External Clients (BCC and TVPA)	627		540	+ 87 days	30 days is outsourced, but the remaining 597 days are by the in house team reflecting the collaboration with Buckinghamshire and TVP
Chargeable days – OCC assignment based	1170	This is the number of days available for delivering the audit plan.	1214	-44	

4.2 It is planned that Internal Audit Services will deliver a minimum of 1170 days on Audit Assignments that will be designed to provide reasonable assurance on the system of internal control. As outlined above the quarterly plans will be presented to the Audit Committee, with Q1 at the April meeting. The type of audit activity will be:

Key Financial Systems	<p>We will test any changes to the existing systems, and will undertake walkthrough test to confirm the system. We will agree with External Audit the key controls to be tested, and undertake the compliance/substantive testing.</p> <p>We will also complete our assurance work through analytical review using the audit interrogation software on identified areas of</p>
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	fraud risk and error.
Governance	We will undertake testing across Directorates of compliance against the governance and regulatory framework, including the key control processes covering HR, ICT, Financial Management, Risk Management, Project Management, Performance, and Procurement. This will provide evidence to the Directors for completion of their annual assurance statement.
Schools	We will seek assurance through analytical review on SAP and through the work of the Schools Finance Support Team, with targeted visits to schools if and when required.
IT Audit	We will undertake a programme of audits of operational systems, and we will provide assurance on major ICT strategic projects planned in 2011/12
Contract Audit	We will be undertaking a programme of Contract Audits, including major procurement. A key focus will be contract management, and compliance with the Contract Standing Orders.
Operational Risk	Performance systems for key operational risks ascertained through consultation with Corporate Performance Team and Directors be reviewed and tested.
Strategic Risk	Performance systems for the management of strategic risk, for example major procurement and projects will be reviewed and tested.
Counter Fraud	A programme of Counter-Fraud work will be produced, including raising awareness, and proactive fraud testing using the Audit Interrogation software. We will also facilitate the response to the 2012 NFI data matching exercise.
Follow Up	We will continue to monitor and report on the implementation of agreed management

	action.
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**5 Performance Monitoring / Reporting**

- 5.1 The proposed performance indicators for 2012/13 are attached as appendix 1 to this report.
- 5.2 The Audit Committee will receive a quarterly report, including the next quarters plan for approval, a status update on the approved work plans, and a summary of the outcomes of completed audits. As a matter of course any audits with an “unacceptable” overall opinion will be reported to the AWG, who should call in the responsible Manager for assurance on what action is being taken. It is also proposed that the AWG receive monitoring reports on outstanding management actions as a matter of course from Internal Audit.

**6. Recommendation**

The Committee are **RECOMMENDED** to approve the Internal Audit Strategy

Ian Dyson  
Chief Internal Auditor  
February 2012



**APPENDIX A Proposed PERFORMANCE INDICATORS 2012/13**

	<b>Performance Measure</b>	<b>Target</b>	<b>Frequency reporting of</b>	<b>Method</b>
1	Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	Quarterly report to Audit Committee.	Internal Audit Performance Monitoring System
2	Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Quarterly report to Audit Committee.	Internal Audit Performance Monitoring System
3	Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Quarterly report to Audit Committee.	Internal Audit Performance Monitoring System
4	% of 2011/12 planned audit activity completed by 30 April 2012	100%	Report to Audit Committee	Internal Audit Performance Monitoring System
5	% of management actions implemented within the agreed timescales	90% of all management actions	Every Quarter to AWG	Action Management Tracking System
6	Effectiveness of Internal Audit	Acceptable opinion	Monitoring Officer report to Audit Committee	
7	Extended Management Team satisfaction with internal audit work	Satisfactory or above	Annually - review of the effectiveness of IA	Questionnaire
8	Extent of reliance External Audit can place on Internal Audit	Reliance placed on IA work	Report by Audit Commission	Audit Commission



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Division(s): N/A

## **AUDIT COMMITTEE – 29 FEBRUARY 2012**

### **TIMING OF MEETINGS**

#### **Report by County Solicitor and Monitoring Officer**

#### **Introduction**

1. This report seeks the Committee's approval for an alteration in the timing of the Committee from Wednesdays at 11.00 a.m. to a new time of Wednesdays at 2.00 p.m.
2. The work of the Audit Committee is of particular significance to the Council, providing a direct overview of the Council's audit, governance, risk and control arrangements. Consequently the Committee is necessarily supported by the Council's chief officers, principally the Chief Finance Officer and the Monitoring Officer.
3. At present the Committee meets six times a year on a Wednesday morning. The County Council's senior management team meets every week at this time. Both the County Council Management Team and the Audit Committee require the continued focus and support of the Council's Chief Officers.
4. Consequently, it is suggested that the efficiency of the Council's strategic management and of its control arrangements would be enhanced by avoiding any clash between these meetings. This would ensure the continuation of dedicated advice and support.

#### **Proposal**

5. The Committee is therefore invited to consider amending the start time of its meetings from the morning to the afternoon. This would avoid the need for either body to amend its day of meeting. The Committee could, for instance, commence at 2.00 p.m. on Wednesdays with no other amendment needed to the meetings calendar. In addition, the informal briefings where officers provide members with briefings and updates on key issues would take place from 1.00 – 2.00 p.m..
6. If this is amenable to the Committee, it is suggested that this new arrangement should commence with the meeting on 18 April 2012 which would therefore commence at 2.00 p.m. It is not considered that this would have any adverse impact on the ability of the public or professional advisers to attend. Nor would it prevent the holding of occasional briefings to the Committee or conflict with other meetings of the Council.

## **RECOMMENDATION**

- 7. The Committee is RECOMMENDED to agree, and to RECOMMEND to Council, that future meetings of Audit Committee should take place in the afternoon from 2.00 p.m.**

Peter G Clark  
County Solicitor and Monitoring Officer

Background papers: Nil

Contact Officer: Peter Clark

February 2012



## AUDIT COMMITTEE – 29 FEBRUARY 2012

### DRAFT WORK PROGRAMME 2012/13

**2012**

**Wed 18 April**

Draft Scrutiny Annual Report  
(Chairman, Strategy & Partnerships Scrutiny Committee / Alexandra Bailey)

Review of the Effectiveness of Internal Audit 2011/12  
(Peter Clark)

Internal Audit Plan – 2011/12 Progress Report and Quarter 1 Plan  
(Ian Dyson)

Annual Governance Statement – Corporate Leads Assurance Processes 2011/12  
(Peter Clark)

Audit Commission – Letter to Those Charged with Governance

**Wed 4 July**

Election of Chairman & Deputy Chairman for the 2012/13 Council Year

Annual Report of the Chief Internal Auditor 2011/12  
(Ian Dyson)

Internal Audit Plan – 2012/13 Progress Report and Quarter 2 Plan  
(Ian Dyson)

Treasury Management Outturn 2011/12  
(Sue Scane / relevant officer)

Annual Governance Statement 2011/12  
(Peter Clark)

Statement of Accounts 2011/12  
(Sue Scane / relevant officer)

Audit Commission – Progress Report

**Wed 19 September**

Risk Management Annual Report  
(Alexandra Bailey)

Final Statement of Accounts 2011/12  
(Sue Scane / relevant officer)

Internal Audit Plan – 2011/12 Progress Report and Quarter 3 Plan  
(Ian Dyson)

Local Government Ombudsman's Annual Review of OCC  
(Peter Clark)

Audit Commission – Annual Governance Report – Oxfordshire County Council  
Audit Commission – Annual Governance Report – Oxfordshire Pension Fund  
Audit Commission – Progress Report

**Wed 21 November**

Treasury Management Mid Term Review 2012/13  
(Sue Scane / relevant officer)

Annual Governance Statement – Action Plan Progress  
(Peter Clark)

Audit Commission – Annual Audit Letter

**2013**

**Wed 16 January**

Statement on Internal Control – Annual Review of Effectiveness  
(Peter Clark & Sue Scane)

Internal Audit Plan – 2012/13 Progress Report and Quarter 4 Plan  
(Ian Dyson)

Review of the Process for Reporting on the Effectiveness of the System of Internal  
Audit  
(Ian Dyson)

Treasury Management Strategy  
(Sue Scane / relevant officer)

Audit Committee - Draft Work Programme 2013/14  
(Co-ordinated by Committee officer in consultation with relevant directorate officers)

**Wed 27 February**

Audit Committee Annual Report to Council 2012  
(in accordance with the process adopted by the Committee on 29 November 2006)

Internal Audit Services-Internal Audit Strategy & Annual Plan 2013/14  
(Ian Dyson)

**Standing Items:**

- Audit Working Group Reports  
(Ian Dyson)
- Business Strategy: updates & key extracts from the cabinet Financial Monitoring & Business Strategy Delivery Report  
(Sue Scane)
- Scrutiny - governance & control matters including Scrutiny Work Programme  
(as available)  
(Alexandra Bailey)
- Audit Committee Work Programme – update/review  
(Committee Officer/Chairman/relevant officers)

**Other matters**

None identified at present

Background Papers Nil

Contact officer: Geoff Malcolm, Committee Officer  
Tel: (01865) 815904

February 2012

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