OXFORDSHIRE COUNTY COUNCIL
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To: Members of the Audit Committee

Notice of a Meeting of the Audit Committee

Wednesday, 20 April 2011 at 11.00 am

County Hall

Peter G. Clark
County Solicitor

April 2011

Contact Officer: **Geoff Malcolm,**
Tel: (01865) 815904; E-Mail: geoff.malcolm@oxfordshire.gov.uk

Membership

Chairman – Councillor David Wilmshurst
Deputy Chairman - Councillor Ray Jelf

Councillors

Alan Armitage	Charles Mathew	Lawrie Stratford
Roy Darke	Larry Sanders	
A.M. Lovatt	C.H. Shouler	

Co-optee

Dr Geoff Jones

Notes:

- *Date of next meeting: 7 July 2011*
- *There is no informal pre-meeting development session prior to the commencement of this meeting*
- *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*

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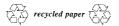
Exceptions …
There are a few circumstances where you may regard yourself as not having a prejudicial interest or may participate even though you may have one. These, together with other rules about participation in the case of a prejudicial interest, are set out in paragraphs 10 – 12 of the Code.

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 2 March 2011 (**AU3**) and to receive for information any matters arising from them.

4. **Petitions and Public Address**

5. **Audit Commission: Audit Fee Letters 2011/12: Oxfordshire County Council & Oxfordshire Pension Fund** (Pages 5 - 12)

   11:10

   A representative of the Audit Commission will attend for this item.

   The Committee is RECOMMENDED to comment upon and note the Audit Fee Letters 2011/12.

6. **Audit Working Group - 31 March 2011** (Pages 13 - 16)

   11:30

   Report by Assistant Chief Executive & Chief Finance Officer (**AU6**).

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

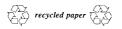   *The Committee is RECOMMENDED to note the report.*

7. **Review of the Effectiveness of Internal Audit 2010/11** (Pages 17 - 24)

   11:50

   Report by the Monitoring Officer (**AU7**).

   A commentary on the performance of the Internal Audit system throughout 2010/11.

   The Committee is RECOMMENDED to approve the Monitoring Officer's assessment of the effectiveness of the system of Internal Audit 2009/10.

recycled paper

8.   **Internal Audit Plan - Quarter 1, 2011/12** (Pages 25 - 34)

12:10

Report by Assistant Chief Executive & Chief Finance Officer (**AU8**).

The reports presents the Internal Audit Plan for quarter 1 2011-12.

The Committee is RECOMMENDED to approve the Quarter 1 Internal Audit Plan.

9.   **Annual Governance Statement - Corporate Leads Assurance Processes 2010/11**
(Pages 35 - 66)

12:30

Report by the Monitoring Officer (**AU9**).

A commentary on the performance of the Internal Audit system throughout 2010/11.

The Committee is RECOMMENDED to approve the processes designed by the Corporate Leads for monitoring the effectiveness of the Council's key controls.

10.   **Date of Meeting**

12:50

The Chairman has agreed, in the light of changes in Audit Regulations regarding Councils' Statement of Accounts 2010/11, to move the Committee meeting scheduled for 29 June 2011 to 7 July 2011 commencing at a time to be determined.

The Committee is RECOMMENDED to note the change of date.

11.   **Audit Committee Work Programme 2011/12** (Pages 67 - 68)

12:55

The Committee is RECOMMENDED to review / update its Work Programme 2011/12 (AU11).

13:00 Close of meeting

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

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Thursday 14 April** at **2pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

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AUDIT COMMITTEE

MINUTES of the meeting held on Wednesday, 2 March 2011 commencing at 11.00 am and finishing at 1.55 pm

Present:

Voting Members: Councillor David Wilmshurst – in the Chair

Councillor Ray Jelf (Deputy Chairman)
Councillor Alan Armitage
Councillor Nick Carter (In place of Councillor A.M. Lovatt)
Councillor Charles Mathew
Councillor John Sanders (In place of Councillor Roy Darke)
Councillor Larry Sanders
Councillor C.H. Shouler
Councillor Lawrie Stratford

Non-voting Co-optees: Dr Geoff Jones

Other Members in Attendance: Councillor Jim Couchman (for all Agenda Items)

By Invitation: Mary Fetigan & Maria Grindley (Audit Commission)

Officers:

Whole of meeting   Ian Dyson, Assistant Head of Finance (Audit), Lorna Baxter (Acting Head of Corporate Finance), Peter Clark (Head of Law & Governance), Geoff Malcolm (Committee Services).

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.

10/11 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 1)

Apology from	Substitute
Councillor Roy Darke	Councillor John Sanders
Councillor A. M. Lovatt	Councillor Nick Carter

11/11 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE
(Agenda No. 2)

Councillor Shouler declared a personal interest in Agenda Item 7 'Internal Audit Services – Internal Audit Strategy 2011/12' by virtue of being a 'Blue Badge' holder.

12/11 MINUTES
(Agenda No. 3)

The Minutes of the meeting held on 19 January 2011 (AU3) were approved and signed.

Matter arising: Minute 6/11 (AWG3)

Members seeking information on the availability of training on financial matters for school governors could contact Mr. Dyson, Assistant Head of Finance (Audit) direct.

13/11 AUDIT COMMISSION - PROGRESS REPORT
(Agenda No. 5)

Ms. Fetigan, Audit Commission introduced the March 2011 external audit progress report (AU5). It identified the work that the Commission would deliver as part of its 2010/11 plan, and progress against the plan. She confirmed that there were no key messages or challenges for the Committee at this stage.

RESOLVED: to receive and note the Audit Commission Progress Report (AU5) and thank Ms Fetigan & Ms Grindley, Audit Commission.

14/11 REVIEW OF AUDIT WORKING GROUP TERMS OF REFERENCE AND WORK PROGRAMME
(Agenda No. 6)

The Committee considered annually the Audit Working Group Terms of Reference and Work Programme.

Mr. Dyson introduced the paper (AU6). The Terms of Reference had been updated and no procedural changes were proposed. Members' attention was drawn to the Group's Work Programme for 2011/12.

RESOLVED: to adopt the Audit Working Group Terms of Reference and Work Programme 2011/12.

15/11 INTERNAL AUDIT SERVICES - INTERNAL AUDIT STRATEGY 2011/12
(Agenda No. 7)

The Committee considered the Internal Audit Services - Internal Audit Strategy 2011/12 (AU7). Mr. Dyson introduced the paper and made some minor amendments to the text, as follows:

- the paragraph numbering; and

- under the 'Analysis of days' heading, line one, fourth column 2010/11 was deleted and 2011/12 substituted.

The paper presented in detail the Internal Audit Strategy including the resources available and how services would be delivered in 2011/12. It outlined the changes being made in the light of the significant changes in the Council over the next few years and how services would be delivered in 2011/12. He then responded to members' questions and comments focusing on staffing and capacity, risk management and performance monitoring & reporting.

RESOLVED:

a)   to note the Internal Audit Strategy 2011/12;

b)   that quarterly Internal Audit Plans and progress reports are received by the Audit Committee for consideration and approval;

c)   that the Audit Working Group review with the relevant manager all Internal Audit reports where an opinion of "Unacceptable" is given to ensure that management are taking appropriate and timely action; and, receive a monitoring report at each meeting on the status of all management actions arising from Internal Audit reports, where necessary asking managers to explain where actions are not completed on time; and

(d)   to hold an informal member/officer meeting to consider risk / performance management & audit in the light of the Council's organisational changes, on a date to be determined by the Chairman following consultation with Committee members and key officers.

16/11   AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL 2011
(Agenda No. 8)

On 29 November 2006 the Committee had 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 considered the draft Annual Report (AU8) prior to its submission to Council. The Chairman introduced the Report whose key purpose was to detail the role of the Committee and to summarise key activities and achievements in 2010 which demonstrated how the Committee had fulfilled its role effectively. He commended the Committee's strong working relationship with both internal and external auditors and expressed thanks to members, officers and the Audit Working Group and its Chairman Dr. Geoff Jones for their work and support during the year.

RESOLVED: to endorse the Annual Report to Council 2011 subject to the following:

- minor textual and grammatical corrections;

- under 'key activities-internal control' - the addition of a reference to 'SAP in schools'; and

- under 'summary of membership' - the addition of a reference to Audit Committee member attendance at Audit Working Group meetings as set out in the Group's terms of reference.

17/11 WORK PROGRAMME 2011/12
(Agenda No. 9)

The Committee considered its future Work Programme (AU9).

RESOLVED: to adopt the Work Programme subject (at the suggestion of Dr. Geoff Jones, Chairman of the Audit Working Group) in June 2011 to the deletion of the item 'Audit Working Group (AWG) Chairman's Annual Review of Activities 2010/11', as the key AWG matters had already been included in the Committee's Annual Report to Council.

.... in the Chair

Date of signing ....

audit commission

6 April 2011

Joanna Simons
Chief Executive
Oxfordshire County Council
County Hall
New Road
Oxford
OX1 1ND

Direct line	0844 798 8952
Mobile	07769932604
Email	m-grindley@audit-commission.gov.uk

— Dear Joanna

Annual Audit Fee 2011/12

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at Oxfordshire County Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Commission for 2011/12. The audit fee covers the:

- audit of financial statements

- value for money conclusion

- Whole of Government Accounts.

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses.

Audit fee

The Audit Commission proposes to set the scale fee for each audited body for 2011/12, rather than providing a scale fee with fixed and variable elements. The scale fee reflects proposed decreases in the total audit fee, as follows:

■ no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;

■ a cut in scale fees resulting from our new approach to local VFM audit work; and

■ a cut in scale audit fees of 3 per cent for local authorities, police and fire and rescue authorities, reflecting lower continuing audit costs after implementing IFRS.

Audit Commission, Unit 5, ISIS Business Centre, Horspath Road, Cowley, Oxford, OX4 2RD
T 0844 798 8950 **F** 0844 798 8951 www.audit-commission.gov.uk

The scale fee for Oxfordshire County Council is £244,350. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above, shown in the table below. Variations from the scale fee will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee.

Audit area	Scale fee 2011/12	Planned fee 2010/11
Audit fee	244,350	271,500
Certification of claims and returns	11,000	13,000 (latest estimate)

I will issue a separate audit plan in December 2011. This will detail the risks identified to both the financial statements audit and the vfm conclusion. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Assistant Chief Executive and Chief Financial Officer. I will then prepare a report outlining the reasons the fee needs to change for discussion with the audit committee.

I propose to review arrangements to secure delivery of savings plans to support the vfm conclusion.

I will issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

Audit team
Your audit team must meet high specifications and must:

- understand you, your priorities and provide you with fresh, innovative and useful support;

- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;

- understand national developments and have a good knowledge of local circumstances; and

- communicate relevant information to you in a prompt, clear and concise manner.

The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Maria Grindley Engagement Lead	m-grindley@audit-commission.gov.uk 0844 798 8952	Maria is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and Chair of Audit Committee and issuing the auditor's report. Key point of contact for the Assistant Chief Executive and Chief Financial Officer.
Mary Fetigan Engagement Manager	m-fetigan@audit-commission.gov.uk 0844 798 2861	Mary manages and coordinates the different elements of the audit work. Key point of contact for the Head of Finance.
Chris Baston Team Leader	c-baston@audit-commission.gov.uk 0844 798 2632	Chris has experience of auditing the financial statements of large local authorities. He will lead the on-site team in delivering the audit.

I am committed to providing you with a high-quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk)

Yours sincerely

Maria Grindley
District Auditor

cc Cllr David Wilmshurst, Chair of Audit Committee
   Sue Scane, Assistant Chief Executive and Chief Financial Officer
   Mary Fetigan, Audit Manager, Audit Practice, Audit Commission

Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the [audit] committee.

Table 1

Planned output	Indicative date
Audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Final accounts memorandum (if required)	October 2012
Annual audit letter	November 2012
Annual claims and returns report	February 2013

6 April 2011

Joanna Simons
Chief Executive
Oxfordshire County Council
County Hall
New Road
Oxford
OX1 1ND

Direct line	0844 798 8952
Mobile	07769932604
Email	m-grindley@audit-commission.gov.uk

Dear Joanna

Annual Audit Fee 2011/12

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at Oxfordshire Pension Fund. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Commission for 2011/12. The audit fee covers the audit of financial statements.

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses.

Audit fee

The Audit Commission proposes to set the scale fee for each audited body for 2011/12, rather than providing a scale fee with fixed and variable elements.

The scale fee for Oxfordshire Pension Fund is £39,414. The Variations from the scale fee for 2011/12 will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee.

Audit area	Scale fee 2011/12	Planned fee 2010/11
Audit fee	39,414	37,678

Audit Commission, Unit 5, ISIS Business Centre, Horspath Road, Cowley, Oxford, OX4 2RD
T 0844 798 8950 **F** 0844 798 8951 www.audit-commission.gov.uk

I will issue a separate audit plan in December 2011. This will detail the risks identified to the financial statements audit. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Assistant Chief Executive and Chief Financial Officer. I will then prepare a report outlining the reasons the fee needs to change for discussion with the audit committee.

I will issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

Audit team

Your audit team must meet high specifications and must:

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- understand national developments and have a good knowledge of local circumstances; and
- communicate relevant information to you in a prompt, clear and concise manner.

The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Maria Grindley Engagement Lead	m-grindley@audit-commission.gov.uk 0844 798 8952	Maria is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and Chair of Audit Committee and issuing the auditor's report. Key point of contact for the Assistant Chief Executive and Chief Financial Officer.
Mary Fetigan Engagement Manager	m-fetigan@audit-commission.gov.uk 0844 798 2861	Mary manages and coordinates the different elements of the audit work. Key point of contact for the Interim Deputy Director Oxfordshire Customer Services.
Nicola Batchelor	n-batchelor@audit-	Nicola has experience of

Team Leader	commission.gov.uk 0844 798 4454	auditing the financial statements of a range of public sector organisations. She will lead the on-site team in delivering the audit.

I am committed to providing you with a high-quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk)

Yours sincerely

Maria Grindley
District Auditor

cc   David Wilmshurst, Chair of Audit Committee
      David Harvey, Chair of Pension Fund Committee
      Sue Scane, Assistant Chief Executive and Chief Financial Officer
      Mary Fetigan, Audit Manager, Audit Practice, Audit Commission

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Annual audit letter	November 2012

AUDIT COMMITTEE – 20 April 2011

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 31 March 2011

The meeting was attended by:

Dr. Geoff Jones – Chairman; Cllr. David Wilmshurst; Cllr. Alan Armitage; Cllr. Ray Jelf; Sue Scane, Assistant Chief Executive and Chief Finance Officer; Peter Clark, Monitoring Officer; Ian Dyson, Assistant Head of Finance (Audit); Belinda Dimmock-Smith, Performance and Review Officer

Part meeting only:
Neil Shovell, Audit Manager; AWG4 John Disley and Sandra Housam; AWG5 Alan Sinclair and Sean Collins

Observers: Cllr. Charles Mathew; Cllr. Sandy Lovatt; Cllr. Larry Sanders; Cllr. Charles Shouler; Cllr. Melinda Tilley; Cllr. Jim Couchman

Apologies: Cllr Roy Darke; Simon Kearey (AWG5)

AWG WORK PROGRAMME ITEMS

The main business items of the meeting were as follows:

AWG 4 Concessionary Travel
AWG 5 Update on Fairer Charging Performance
AWG 6 Internal Audit Progress Report
AWG 7 Risk Management Progress Report
AWG 8 Whistle-blowing Annual Report
AWG 11 Annual Governance Statement – Early Draft Action Plan

MATTERS FOR REPORT TO THE AUDIT COMMITTEE:

Environment & Economy – Project & Risk Management

It was noted that issues were raised in three of the main business items that all related to the Highways and Transport Service. The Group expressed strong concerns that the information provided, including that from Officers within the service area questioned on the Concessionary Travel project, indicates that the application of effective project management and risk management is unsatisfactory. It was noted that officers within the service may require further training in these disciplines. The Group agreed to ask the Deputy Director, Highways and Transport to attend the next meeting, and to provide an update on the management actions taken to address the weaknesses identified by Internal Audit and Performance and Review.

Fairer Charging Performance:

The Group was pleased to note that the good progress reported to the last AWG has been sustained. The financial assessment process is consistently operating within

acceptable levels of performance. The legacy issues reported at the last meeting remain unresolved, but the new Assistant Head of Service, Adults, detailed the actions he has put in place to complete by the end of April 2011. He also detailed further action to investigate data quality issues; including identifying and addressing any training needs. The Assistant Head of Finance also provided the Group with assurance that as part of the implementation of any future changes in service provision, a full appraisal of the implications on fairer charging and existing procedures will be properly appraised and actions taken as appropriate.

The group requested a further update to their September meeting.

Work Programme

The updated work programme is attached as appendix 1 to this report.

The Committee is RECOMMENDED to note the report;

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

April 2011

APPENDIX 1

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AUDIT WORKING GROUP
WORK PROGRAMME 2011/12

</div>

2011

Thursday 16 June
- Deputy Director Highways & Transport – update on project and risk management
- Internal Audit Issues, including fraud update and follow up – Ian Dyson
- Draft Internal Audit Annual Report – Ian Dyson
- Risk Management Progress Report – Belinda Dimmock-Smith
- Draft Annual Governance Statement

Thursday 8 September
- Internal Audit Issues – Ian Dyson
- Risk Management Progress Report – Belinda Dimmock-Smith
- Fairer Charging progress report – Alan Sinclair / Sean Collins

Thursday 3 November
- Internal Audit Issues – Ian Dyson
- Risk Management Progress Report – Belinda Dimmock-Smith
- Quarterly Update AGS Action Plan – TBC

2012
Thursday 5 January
- Annual Governance Statement Process – annual review of the assurance framework – TBC
- Quarterly Update AGS Action Plan – TBC
- Internal Audit Issues – Ian Dyson
- Risk Management Progress Report – Belinda Dimmock-Smith

Thursday 16 February
- Internal Audit Issues – Ian Dyson
- Risk Management Progress Report – Belinda Dimmock-Smith
- Progress report on issues arising from the External Audit Reports - TBC
- Draft work programme 2012/13 – Ian Dyson
- Review of AWG Terms of Reference – Ian Dyson
- Private Session with External Auditors - TBC
- Private Session with the Assistant Head of Finance (Audit)

Last updated: 31 March 2011
Ian Dyson, Assistant Head of Finance (Audit)   01865 323875

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Division(s): N/A

AUDIT COMMITTEE – 20 APRIL 2011

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2010/11

Report by the Monitoring Officer

Introduction

1. In January 2011, the Audit Committee agreed the process for undertaking the annual review of the Effectiveness of the System of Internal Audit, and requested that the Monitoring Officer undertake that review. The annual review was a requirement of the Accounts and Audit Regulations 2003 as amended in 2006. Since the Committee took that decision the Regulations have been updated, although there is no material change to the requirements for the purposes of this paper.

2. The Accounts and Audit (England) Regulations 2011 came into effect from 31 March 2011, and therefore apply for the reporting on the 2010/11 Statement of Accounts and Annual Governance Statement including the Statement on Internal Control. Regulations 4 and 6 of the new Regulations apply:

    "4(2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.
    4(3) The findings of the review referred to in paragraph (2) must be considered by the members of the body meeting as a whole or by a committee, and following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

    "6 – (1) A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.
    (2) Any officer or member of a relevant body must, if the body requires-
    >   (a) make available such documents and records as appear to that body to be necessary for the purposes of the audit; and
    >   (b) supply the body with such information and explanation as that body considers necessary for that purpose.
    (3) A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit.
    (4) The findings of the review referred to in paragraph (3) must be considered, as part of the consideration of the system of internal control as referred to in regulation 4(3), by the committee referred to in that paragraph."

3. This report outlines the methodology used, and the overall findings and conclusions.

Background

4. The Accounts and Audit (Amendment) (England) Regulations 2011 came into force on 31 March 2011:

    Guidance for reviewing the effectiveness of internal audit under these new Regulations has not been issued. Under the previous Regulations (2003) amended 2006 that required a review of the effectiveness of the system of internal audit, guidance was issued by the Department for Communities and Local Government (DCLG) and The Chartered Institute of Public Finance Accounting (CIPFA). Although compliance with that guidance, this Committee has always taken the approach that the Annual Governance Statement process provided the whole review over the system of internal audit, so focussed this review on the effectiveness of the Internal Audit Team. It would therefore appear that our approach remains appropriate to comply with the new Regulations.

5. The Audit Committee annually considers the process for reviewing the effectiveness of the system of internal audit. At their meeting on 19 January 2011, the Committee agreed the previously adopted process is still appropriate and authorised the Monitoring Officer to conduct the review and report back.

Methodology

6. The review has been conducted primarily as a desk top exercise with the collation of evidence from the Assistant Head of Finance, (Audit); by reference to Committee reports on the Councils intranet site from both Internal and External Audit; by reference to progress reports on Internal Audit presented to the Audit Working Group (attended by the Monitoring Officer); and by canvassing the views of Directors, Heads of Services and Business Managers by way of a questionnaire.

Findings

7. In 2010/11 the Internal Audit Team has continued to demonstrate strong resilience and flexibility, by responding to staffing pressures and to major changes in the organisation.

8. The management team remained unchanged during the year, and this has been a key feature. The Assistant Head of Finance (Audit) continues to share his time between Oxfordshire County Council and Buckinghamshire County Council, which could be seen as a risk to this Authority; however, it is clear from the output and from the results of my annual survey that the Audit Managers are managing the day to day operations effectively, and have the confidence of the Directors and Senior Managers.

9. It is essential that the Internal Audit Team has good engagement with its clients, both at an operational level and at a Senior Management / Member level. It is clear that this is being achieved. Meetings are usually held quarterly

with Directorate Leadership Teams, and there is also regular engagement with the Performance and Review Team. The Monitoring Officer, S151 Officer and Assistant Head of Finance (Audit), continue to work closely on governance matters. Maintaining these relationships is essential to ensure that the work of Internal Audit remains focussed on the key risks, and that assurance is being targeted as required.

10. There has been an increased turnover of staff in 2010/11. Two Auditors, and the Assistant Audit Manager left the team, and a further resignation has been received from a Principal Auditor who will be leaving at the end of April 2011. Although the number of staff is high, the impact has been managed through good utilisation of the call off contract in place with Deloitte.

11. During the year the Audit Committee approved a change to the Annual Governance Statement process with the ending of the Internal Control Checklist procedure. Internal Audit played a major part in the design of this change. They have demonstrated flexibility by responding to the need to ensure that good governance through compliance with key control processes is being maintained. During quarters three and four a major part of their work has been to design and test audit programmes to give assurance in these key control areas. This work has not yet been concluded but is on schedule to report before the end of April. There will be a need for these audits to be completed annually.

12. Internal Audit has responded well to the Corporate Business Strategy, with a realistic four year plan to deliver savings to its budget that is aligned to the way the Council expects to delver its services in the future. The team has been restructured from a Directorate based two team structure, to one that splits responsibilities between the Audit Managers based on Strategic Risk and Operational Risk. This reflects the expected increase in strategic procurement and change programmes; and, that there will be more cross working by Directorates.

13. Whilst the Internal Audit Team has the right experience at the management level to deliver these changes, and to be responsive, the decrease in the in house staffing numbers in 2011/12 means greater reliance is placed on the call off contract with Deloittes to provide the skilled resources required. One of the key advantages of the in house team is that they understand the culture of the organisation, and have more breadth of local knowledge of the strategic issue. The increased reliance on Deloittes will need close management as their staff will not necessarily have this local knowledge. The Audit Management Team will need to ensure Deloittes staff are well inducted, and their output closely monitored to ensure that the high standards are maintained.

14. The two areas of internal audit work that have been outsourced, Schools Audits and IT Audit have been successful, with delivery of both plans achieved to a good standard, and with both receiving very positive feedback in the post audit questionnaires.

15.   The Senior Auditor, who leads on counter-fraud activity, has just returned from maternity leave. The pro-active fraud testing on the key financial systems will be an increasing feature in 2011/12, reflecting the national concern of increase in public sector fraud.

16.   There are two areas for consideration that have been highlighted to the Assistant Head of Finance (Audit). It is planned that post audit questionnaires inviting customer feedback will cease in 2011/12. I would advise against this as it provides immediate feedback on the performance of the staff, and could therefore be an effective and timely measure of the impact of the increased use of Deloitte to deliver the Audit Plan. Secondly, in year the decision was taken to stop the detailed time recording and to focus on the timeliness of output as a measure. With the staff turnover and changes to the audit plan in year, it is difficult to judge whether this has been successful. The introduction of quarterly planning should help, but consideration should be given to reintroducing time recording for individual audit assignments.

Compliance with CIPFA Code of Practice

17.   No self assessment has been completed this year, as there have been no significant changes to the operation of the service. However, a review should be undertaken in 2011/12 as the strategy is to extend the collaboration with Buckinghamshire County Council, and to increase the working in partnership with Deloittes. It is suggested that this be undertaken in October 2011 once the structure has had time to embed and work practices established.

18.   The standards for the Role of the Head of Internal Audit in Local Government being produced by CIPFA has not yet been finalised, but it is proposed that an assessment of compliance is undertaken once it has been published, which should be in time to include as part of the 2010/11 Annual Governance Statement.

External Audit Reports

19.   The External Auditors have not raised any material concerns regarding Internal Audit, and there is good evidence that the two functions are operating well together. A joint working protocol has been agreed, and in 2010/11 Auditors from the two teams has undertaken joint meetings with the relevant operational staff to minimise the impact on staff time, and to make the audit process more effective. Although there have been some initial communication issues with that approach, overall it has been successful and will continue in 2011/12.

Reports to the Audit Committee

20.   There are clearly defined reporting processes in place with the AHoF reporting on quarterly performance and progress to the Audit Working Group.

21.   The AHoF also takes an annual report to the Audit Committee.

22.   The reports are well received and Members are generally satisfied with the levels of information they are receiving.

23.   Whilst all reports to the Committee were in the name of the Assistant Chief executive and Chief Finance Officer, they are presented by the AHoF. To protect the independence of the AHoF, a protocol has been approved that makes it clear he has direct access to the Chairman of the Audit Committee should he consider it necessary. This independence is further reinforced through the AHoF meeting in private session annually with the members of the Audit Committee.

Achievement of Performance Indicators

24.   The Audit Working Group receives reports every quarter on progress with performance indicators. Whilst it is clear there is improvement required across all indicators, the results are satisfactory with no areas for concern.

25.   Customer satisfaction feedback is collected on completion of each audit, and this remains an area of high performance for Internal Audit.

26.   The process for following up agreed management actions is well established but remains time consuming and a pressure on resources. A project has been initiated with ICT to look for a software solution that will be more efficient.

Annual Survey

27.   Questionnaires were sent out to 25 Senior Managers (Directors, Deputy Directors and Heads of Service) to obtain feedback on the internal audit service. The response rate was 100%, which includes one nil return as one postholder had only just been appointed. The survey provides a real measure of how effective Internal Audit is for Senior Managers in the Council.

A full analysis of the results is attached as appendix 1 to this report. Overall the results are very favourable, with three areas in particular to highlight that demonstrate overall effectiveness and the impact of Internal Audit:
- *100% of respondents tended to agree or strongly agreed that the Service was proactive in giving adequate information about its role/purpose*
- *100% tended to agree or strongly agreed that the Service was independent*
- *87.5% tended to agree or strongly agreed that the Service consulted them on key risks or critical systems in their area*

28.   Whilst overwhelmingly positive there were some variation between 'tending to agree' and 'strongly agree' indicating the need for Internal Audit to consider further how it involves Directorates in commenting on the proposed planning for the Annual work plan and providing an opportunity for them to request other areas to be looked at where assurance is required.

Conclusion

29. The evidence justifies an overall assessment of acceptable effectiveness with no significant weaknesses.

30. 2011/12 will be a challenging year for Internal Audit, but their strategy and new structure appears well designed to meet those challenges.

RECOMMENDATION

31. **The Committee is RECOMMENDED to approve the Monitoring Officer's assessment of the effectiveness of the system of Internal Audit 2009/10.**

PETER CLARK
Monitoring Officer

Background papers: None.

Contact Officer: Peter Clark, Monitoring Officer Tel: (01865) 323907

April 2011

Review of the Effectiveness of Internal Audit 2011

Summary of Results

I have been given adequate information on the role and purpose of Internal Audit

Strongly Agree	79.5% (19)
Tend to agree	20.5% (5)
Tend to disagree	0% (0)
Strongly Disagree	0% (0)

I am consulted by Internal Audit on the key risks and critical systems in my area

Strongly Agree	79.5% (19)
Tend to agree	20.5% (5)
Tend to disagree	0% (0)
Strongly Disagree	0% (0)

I am satisfied that Internal Audit is independent

Strongly Agree	83.5% (20)
Tend to agree	16.5% (4)
Tend to disagree	0% (0)
Strongly Disagree	0% (0)

'I am given an opportunity to comment on Internal Audit's annual work plans'

Strongly Agree	79.2% (19)
Tend to agree	8.3% (2)
Tend to disagree	12.5% (3)
Strongly Disagree	0% (0)

I can discuss the relevance of the planned audit activity throughout the year, and I have the opportunity to request other areas to be looked at where assurance is required

Strongly Agree	71% (17)
Tend to agree	16.5% (4)
Tend to disagree	12.5% (3)
Strongly Disagree	0% (0)

'On individual audit assignments, where appropriate, I have an opportunity to provide input to the planning of Internal Audit work'

Strongly Agree	71% (17)
Tend to agree	29% (7)
Tend to disagree	0% (0)
Strongly Disagree	0% (0)

Internal Audit reports are timely, practical and support managers in the management of their key risks

Strongly Agree	58% (14)
Tend to agree	42% (10)
Tend to disagree	0% (0)
Strongly Disagree	0% (0)

'Internal Audit is effective in delivering improvements to the control environment

Strongly Agree	62.5% (15)
Tend to agree	37.5% (9)
Tend to disagree	0% (0)
Strongly Disagree	0% (0)

Other Comments Received

I believe that Audit do a good job....

My position is not quite the same as other managers, hence the independence comment - although I do believe that if they were not satisfied with areas under my control they would have the ability to escalate directly to the CEO or through the Monitoring Officer.

Always an excellent and helpful service

Very happy with the effectiveness of the Internal Audit service

I value the process, the report and to some extent the follow up. I think the individuals are of high quality and perform to a high standard. In some ways the only reason I am not strongly agreeing to all questions is my own level of resources in working with IA are inadequate to gain the ultimate benefits from the process.

Audit provide good support and challenge to Property and provide a professional service.

I have found the Internal Audit team to be professional, responsive and constructively challenging as I would expect given their role. Having them attend our leadership team for discussion of the programme and follow ups is very useful and facilitates good mutual understanding and enables us to take clear management action on areas that have not been progressed as outlined or communicated to IA as swiftly as possible.

Division(s): N/A

AUDIT COMMITTEE – 20 APRIL 2011

INTERNAL AUDIT PLAN – QUARTER 1 2011/12

Report by the Assistant Chief Executive and Chief Finance Officer

INTRODUCTION

1. In March 2011 the Audit Committee approved the Internal Audit Strategy for 2011/12 which included a move from an annual Internal Audit Plan, to a quarterly one.

2. The detailed quarter 1 plan for Internal Audit is attached as annex 1 to this report.

3. The plan has been compiled after consultation with the Directors and the Performance and Review Team.

4. No target days are reported against the individual audits. Auditors will be given budgets for each audit, but the measure for reporting to the Audit Committee is delivering the audits in accordance with the plan. Quarterly planning will make this easier to measure and monitor.

5. In addition to the planned activity, in quarter 1 the needs assessment for contract audit is being reviewed and will be used to direct assurance activity in quarters 2, 3, and 4. In the first quarter we will also be concluding the 2010/11 plan and supporting the compilation of the Annual Governance Statement.

6. The Internal Audit Strategy includes the further collaboration with Buckinghamshire County Council and the implementation of audit project management software, and action tracking software. In quarter 1, time will be allocated to developing these. A business case has been agreed by the IT Development Board for action tracking, but the proposed solution has been challenged and an investigation is being undertaken to determine whether an existing software solution has suitable modules to achieve the same outcome. It is hoped this will be concluded during Q1. A demonstration of the Deloittes software for audit project management is scheduled for 3 May 2011. Assuming there are no technical issues, a further business case will be made to the IT Development Board.

RECOMMENDATION

The Committee is RECOMMENDED to approve the Quarter 1 Internal Audit Plan.

Ian Dyson

Assistant Head of Finance (Audit)

Background papers: None.

Contact Officer: Ian Dyson 01865 323875

2011/12 Quarter 1 Internal Audit plan:

Directorate	Qtr	Audit
CEF	1	**CEF Governance and Financial Management** This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation. During Quarter 1, Internal Audit working with the Corporate Performance Team will review the area of Performance Management.
CEF	1	**CEF Safeguarding** This audit has been deferred from 2010/11 Internal Audit Plan. The aim of the audit will be to provide assurance that safeguarding framework, policies and procedures are working effectively. The audit will review the quality assurance framework, reviewing the scope adequacy, and reporting mechanisms within this process. The audit will also review the systems and processes in place for caseload management. The audit will follow up on any outstanding actions and test implementation of any priority 1 management actions from previous audits of Safeguarding Training, Safer Recruitment, and also relevant actions regarding accuracy and completeness of Frameworki data included in the audit undertaken of Performance Indicators.

Directorate	Qtr	Audit
CEF	1	**YPLA (Young People's Learning Agency) – Sixth form funding** Under the requirements of the YPLA Internal Audit are required to provide assurance on a cyclical basis over the funding paid in respect of local authority maintained schools with sixth forms. It will include review of processes in place to verify the completeness and accuracy of the school's data returns.
CEF	1 & 2	**Review of CEF Management Information Systems** The audit will review the current management information systems in operation, providing an overview of the system objectives, identify users of the systems, the key processes in operation and what data quality/assurance mechanisms are in place. The findings will be reported to the Director and used by Internal Audit and CEF to establish whether there are any gaps/weaknesses which will require more detailed review. A separate audit of the One System (EMS) will also be undertaken in quarter 1 and will feed into this review.
CEF	1 & 2	**One System (EMS)** One system is the main pupil database used across CEF. The audit will look review the use of the system across the directorate and to provide assurance on the accuracy and integrity of data on the system. A key aspect of the audit will be to review the financial governance surrounding payments generated by the system. The audit will specially review the business processes in place to generate payments to providers within the Early Years Service.
CEF	1	**Early Years** Within the CEF Business Strategy, Early Years is undergoing significant restructuring / remodelling

Directorate	Qtr	Audit
		of service delivery. The audit will review the project for delivery of these planned changes, the audit will consider the processes planned following the implementation of these changes, ensuring that key governance and financial management controls are considered throughout transition.
EE	1	**EE Governance and Financial Management (including Customer Services)** This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation. During Quarter 1, Internal Audit working with the Corporate Performance Team will review the area of Performance Management.
EE	1	**Property and Facilities Procurement** The audit will review the procurement exercise and mobilisation phase for the new Property and Facilities contract. The audit will follow on from the first phase review, completed in March 2011. The ISOS Stage, tender briefings and dialogue phase will be reviewed in quarter 2 and the ISDS Stage, dialogue and selection of preferred bidder will be completed in quarter 3. Further work on the mobilisation phase will be considered in quarter 4.
EE	1	**New Highways and Transport Contract** Operational from the 1st April 2010, this years audit will follow on from the 2010/11 review, focussing

Directorate	Qtr	Audit
		on the issues raised in relation to the operational processes designed to deliver the services of the Highways Contract. The review will assess progress in implementing the service Improvement Plan, as well as the effectiveness of the performance and risk management arrangements.
EE	1	**Concessionary Travel** With the administration of the Concessionary Travel scheme transferring to County Council responsibility from the 1st April 2011, the audit will focus on the handover arrangements and the design and effectiveness of processes and systems implemented the manage the scheme.
EE (Customer Services)	1	**Treasury Management** An annual review to test the key controls to provide assurance that council funds are being effectively managed to support the delivery of council operations and to maximise investment opportunities for cash surpluses.
EE (Customer Services)	1	**Insurance** The audit will provide assurance on processes in place to ensure that the Council has adequate cover for insurable risks and claims are being processed accurately and timely.
EE (ICT)	1	**ICT Strategy** The audit will provide assurance on the implementation of the current ICT Strategy. The audit will review the strategy to ensure it is being effectively delivered, monitored and managed. The review will also ensure that the benefits of ICT are fully realised and the development of ICT supports

Directorate	Qtr	Audit
		corporate objectives and priorities.
EE (ICT)	1	**Internet Access and Security** The audit will provide assurance on the security and access controls in place in relation to the internet and email, designed to reduce any potential misuse.
EE (ICT)	1	**Disaster Recovery Project** The audit will provide advice on the implementation of the Disaster Recover Project. The audit will also provide assurance on the design of controls being implemented as part of the project.
CEO	1	**Members Allowances** The audit will provide assurance on the systems and processes in place to ensure the accuracy and integrity of allowances paid.
Corporate	1	**Business Strategy Programme** During quarter 1, Internal Audit will review the arrangements in place to monitor the delivery of the Directorate Business Strategies. It will include a review of the general governance arrangements, the management information being presented to the Business Strategy Group and any resulting actions. This analysis will help identify Internal Audit activity for 2011/12 to provide assurance that key risks associated with delivery of significant change across the organisation are managed effectively.

Directorate	Qtr	Audit
SCS	1	**SCS Governance and Financial Management** This is an annual audit to review governance and financial management arrangements in place within each directorate. The programme of work will be completed over the whole year, and will include areas such as Financial Management including budget setting & control, Structure and Authority, Information Governance, Risk and Performance Management, Project Management, Business Continuity, Human Resources and Legislation. During Quarter 1, Internal Audit working with the Corporate Performance Team will review the area of Performance Management.
SCS	1	**Alert Service** The review will focus on the processes for re-assessing clients by Community Voice, that financial forecasts are accurate and robust, the financial charging process is effective and contract management and monitoring arrangements are in place.
SCS	1 & 2	**Self Directed Support** The audit will provide assurance on the effectiveness of the Self Directed Support process, considering any recent changes or improvements, including personal budget allocations and accounting, care plan delivery and client documentation.
SCS	1	**Sustaining the Change** The Council's Transforming Adult Social Care project ended on the 31st March 2011. This audit will review the quality assurance mechanisms and governance arrangements in place as part of Sustaining the Change and how the Directorate supports staff to deliver the required changes. The

Directorate	Qtr	Audit
		audit will follow up on previous audit work as part of SCS Governance and Financial Management – Budget Setting 2010/11 and consider the level of RAS savings included in the SCS Business Strategy and how these will be achieved.
Proactive Fraud	1	**Compliance with Contract Procedure Rules** This proactive fraud exercise will review compliance with the Council's Contract Procedure Rules. The review will utilise IDEA (data interrogation software) to identify all significant procurement activity and ensure the Council's requirements have been complied with.
Proactive Fraud	1	**ICT Network Access** Following on from the Council's ICT Acceptable Use e-learning, this proactive exercise will review the outcome of the e-learning and determine the reasons for any non-compliance in completing the training.

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Division(s): N/A

AUDIT COMMITTEE – 20 APRIL 2011

ANNUAL GOVERNANCE STATEMENT – CORPORATE LEADS ASSURACE PROCESSES 2010/11

Report by the Monitoring Officer

INTRODUCTION

1. At their meeting 17 November 2010, the Audit Committee approved a revision of the Corporate Governance Assurance Framework.

2. One of the key changes reflected in the new framework was the ending of the six monthly Internal Control Checklist process; replacing the self assessment by every Head of Service with an annual statement of assurance produced by the Corporate Lead responsible for each of the Councils key control processes.

3. The Corporate Leads have defined their own assurance mechanism that enables them to review the effectiveness of the key control process they have corporate responsibility for. They will be providing an annual assurance certificate highlighting any areas for improvement required following their assessment. This will form part of the evidence when compiling the Annual Governance Statement, and will also be used to inform Directors when they sign off their own assurance certificates, also as part of the Annual Governance Statement procedure.

4. The Corporate Leads assurance processes have been subject to challenge and review by the Corporate Governance Assurance Group, and are now submitted to the Audit Committee for their consideration, comment and approval.

5. The individual Corporate Lead assurance processes are included as annexes to this report as follows:

Title	Corporate Lead
Annex 1: Performance Management	Corporate Performance and Review Manager in consultation with the risk/performance leads group
Annex 2: Project Management	Corporate Performance and Review Manager in consultation with the risk/performance leads group
Annex 3: Risk Management	Corporate Performance and Review Manager in consultation with the risk/performance leads group

Annex 4: Business Continuity	County Business Continuity Officer in consultation with the business continuity stakeholder group
Annex 5 : Financial Management	Chief Finance Officer in consultation with delegated Section 151 officers
Annex 6: Legislation	Monitoring Officer and Head of Law & Governance in consultation with the monitoring officers group
Annex 7: Human Resources	Head of Human Resources in consultation with HR business partners
Annex 8: Health & Safety	County Health, Safety & Wellbeing Manager in consultation with directorate Health & Safety champions
Annex 9: Procurement/Contracts	County Procurement Manager in consultation with directorate leads
Annex 10: Information Technology	Deputy Head of ICT Services in consultation with ICT liaison managers
Annex 11: Partnerships	Strategic Partnerships Manager

RECOMMENDATION

The Committee is RECOMMENDED to approve the processes designed by the Corporate Leads for monitoring the effectiveness of the Council's key controls.

Peter Clark
Head of Law & Governance

Background papers: Revised Corporate Governance Assurance Framework – Audit Committee 17 November 2011.
http://mycouncil.oxfordshire.gov.uk/mgConvert2PDF.aspx?ID=4138

Contact Officer: Sarah Cox, Audit Manager 01865 323881

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: *Performance Management*

As the corporate lead officer for the above control area, I confirm the following points, in order to provide you with the assurance that you need to sign the Annual Governance Statement for 2010/11:

The following systems/mechanisms to ensure internal control have been in place throughout 2010/11:

1.1 Corporate performance management targets are agreed with Directorate leads in advance of the beginning of each year.

1.2 Identified targets are reviewed by the Corporate Performance and Review Manager, to ensure that corporate priorities (as identified in the Corporate Plan) are being appropriately pursued at the directorate level, and that clear, measurable targets are in place, such that regular, robust assessment of performance can be undertaken

1.3 These targets are compiled into priority-led themes, to form a Corporate Balanced Scorecard, with Red, Amber or Green (RAG) ratings.

1.4 Each quarter during the year, following discussion at individual Directorate Leadership Team (DLT) meetings, performance on these targets is reported to the Corporate Performance and Review Team.

1.5 The Corporate Performance and Review Manager assesses these reports against the Corporate Balanced Scorecard, specifically to provide assurance that:
- All agreed measures have been reported.
- Areas of under-performance have been flagged.
- Areas of under-performance are being properly addressed.

1.6 The Corporate Performance and Review Manager is responsible for identifying areas of under-performance that are of concern, either due to:
- concerns about the reporting of the measure;
- consistency of under-performance against the target;
- inadequacy of action to improve this performance;
- capacity of the under-performance to derail over-arching corporate priority;

1.7 For any identified as per the above, the Corporate Performance and Review Manager joins with the relevant Head of Service and Directorate Performance Lead to compile a qualitative exception report, with recommendation, for the County Council Management Team (CCMT).

1.8   This report forms part of the quarterly Business Management Report to CCMT.

1.9   Exception reports and the corporate balanced scorecard are brought to CCMT quarterly. Outcomes and actions are communicated back to Directorate Leads and Heads of Service.

Name: Alexandra Bailey

Lead officer for: Performance Management

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: *Project and Programme Management*

As the corporate lead officer for the above control area, I confirm the following points, in order to provide you with the assurance that you need to sign the Annual Governance Statement for 2010/11:

The following systems/mechanisms to ensure internal control have been in place throughout 2010/11:

- The Council's Project and Programme Management Framework is agreed with Directorate Project and Programme Management Leads in advance of the beginning of each year.
- The Framework clearly establishes the required reporting arrangements for status and identity of a project or programme, as well as the required arrangements for risk, governance and the completion of documentation.
- Each quarter during the year, Directorates report a completed project register to the Corporate Performance and Review Team, as per requirements identified in the Project and Programme Management Framework
- The Corporate Performance and Review Manager is responsible for isolating projects of Corporate concern, on the basis that:
  - The project or programme has a high risk profile
  - The project or programme is not reported as being appropriately governed (i.e. that there is not, where required, a trained project/programme manager, project/programme sponsor or project/programme board in place).
  - The project or programme has not completed all of the required documentation (project brief, project initiation document, project plan, project report, risk register, issue log and project evaluation).
  - The project or programme does not have an agreed budget (where appropriate).
- For any identified as per the above, the Corporate Performance and Review Manager works with the Directorate Project and Programme Lead and appropriate Head of Service or Project or Programme Manager (where relevant), to bring the project or programme to the attention of CCMT on a quarterly basis.
- This report forms part of the quarterly Business Management Report to CCMT.

- Outcomes and actions are communicated back to Directorate Leads and Heads of Service or project or programme managers.

Name: Alexandra Bailey

Lead officer for: Project and Programme Management

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: *Risk Management*

As the corporate lead officer for the above control area, I confirm the following points, in order to provide you with the assurance that you need to sign the Annual Governance Statement for 2010/11:

The following systems/mechanisms to ensure internal control have been in place throughout 2010/11:

- The framework for the Council's Risk Register is agreed with Directorate Risk Leads in advance of the beginning of each year.
    - The Register clearly establishes the scoring process, and the scheme of escalation, for reporting and managing risks at Service, Directorate, and CCMT levels.
    - Each quarter during the year, Directorates report a completed risk register to the Corporate Performance and Review Team.
    - The Corporate Performance and Review Manager is responsible for isolating risks of Corporate concern, on the basis that:
        - Identified risks are not being scored and escalated appropriately.
        - Risks are otherwise not reported appropriately or fully, as per the agreed framework.
        - Risks identified for service and directorate management are not managed at the correct levels.
        - Actions identified are inadequate or inappropriate.
        - Other known risks are not captured.
        - Risks have been identified for CCMT management.
    - For any identified as per the above, the Corporate Performance and Review Manager works with the Directorate Risk Lead and appropriate Head of Service (where relevant), to bring the risk to the attention of CCMT on a quarterly basis.
    - Where appropriate, the Corporate Performance and Review Manager is responsible, with the Directorate Risk Lead and appropriate Head of Service (where relevant) for compiling a qualitative exception report, with recommendation, for CCMT discussion.
    - A risk report is brought to CCMT quarterly. This report forms part of the quarterly Business Management Report to CCMT.

- A risk report is brought to the Audit Working Group quarterly and to the Audit Committee as appropriate (as determined by the quarterly report to the Audit Working Group).

- o Outcomes and actions are communicated back to Directorate Leads and Heads of Service.

Name: Alexandra Bailey

Lead officer for: Risk Management

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: Business Continuity

As the corporate lead officer for the above control area, I confirm the following points, in order to provide you with the assurance that you need to sign the Annual Governance Statement for 2010/11:

The following systems/mechanisms to ensure internal control have been in place throughout 2010/11:

Systems in Place

1.   Business Continuity Corporate Strategy.   The BC Corporate Strategy is reviewed annually by the Business Continuity Stakeholder Group (BCSG) and signed off by the Chief Executive. The strategy covers:

❖ The BC Cycle
❖ Service Recovery Priorities
❖ Training & BC Promotion
❖ Managing and Monitoring the BCM Programme
❖ BC Plans Structure
❖ Continuous Improvement
❖ BC Roles and Responsibilities
❖ Outcomes of Effective BCM

2.   Business Continuity Stakeholder Group (BCSG).   The BCSG is chaired by the Chief Fire Officer and its members include representatives from each of the directorates and specialist representatives from ICT (disaster recovery), Corporate Facilities Management and Oxfordshire Customer Services. The County Council Business Continuity Manager acts as Secretary. The principal aim of the Group is to maintain and further develop a common business continuity management (BCM) framework across OCC. The Group meets monthly and its terms of reference are reviewed annually.

Monitoring Controls

3.   Directorate Priorities Registers.   In accordance with the BC strategy the BCSG directorate representatives are responsible for maintaining 'Directorate Priorities Registers' which record information relating to business continuity within their own areas of interest. These priority registers are updated at least quarterly and submitted to the Council's BC Manager for scrutiny. The spreadsheets represent a 'health check' of business continuity

within their respective areas of responsibility and contain information which includes:

- ❖ List of services and priority for recovery (Group 1-4).
- ❖ Dates for BC plan review
- ❖ Date of last BC test (Required for Group 1 services).
- ❖ Alternate accommodation options for displaced services.

4.   Business Continuity Incidents.   Incidents occur each year impacting the Council's   business continuity to varying degrees. The BCSG analyses the response by services involved and makes recommendations for changes to BC plans if required.

5.   Business Continuity Testing.   Group 1 Services are required to test their plans annually using a tabletop exercise. These tests are usually facilitated by the Council BC Manager and the directorate BC representative. Plans are updated if required to reflect lessons learned from the tests.

6.   Major Incident Reporting System (MIRS).   An IT-based system, MIRS was developed to facilitate upward reporting from the Council to the Cabinet Office Briefing Room (COBR) via the Thames Valley Local Resilience Forum (TVLRF) during a severe flu pandemic. It has also been adapted for use as a tool enabling monitoring by directorate management of the effectiveness of BC plan arrangements during incidents with widespread impact on Council services.

Actions if the Controls are not Working

7.   This will depend on the perceived risk to business continuity. For routine matters, the directorate BCSG representatives would report to their respective leadership teams. For significant corporate issues BCSG reports to CCMT via the BCSG Chairman.   In exceptional circumstances the BCSG secretary can report direct to the chair or respective director.

Name: Ian Travers Smith

Lead officer for: Business Continuity

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: *Financial Management*

As the corporate lead officer for the above control area, I confirm the following points, in order to provide you with the assurance that you need to sign the Annual Governance Statement for 2010/11:

The following systems/mechanisms to ensure internal control have been in place throughout 2010/11:

1. **Sound financial management policies are available.**

   These are available on the intranet and reviewed on a regular basis. Policies comprise:

   - Financial Procedure Rules (included in the Constitution)
     - Which identify the key financial responsibilities of Councillors and officers.
   - Financial Regulations (form part of Corporate Governance Library)
     - Which provide more detailed guidance on how the Financial Procedure Rules should be implemented in practice.
     - They also identify the high-level financial controls within which all members and staff must operate.
   - Contract Procedure Rules (included in the Constitution)

   Responsibility: Principal Financial Manager (Planning & Performance) is responsible for ensuring they are kept up to date, accurate and communicated appropriately.

2. **Procedural instructions detailing how all financial matters are handled are in place.**

   Procedural instructions for managers are available via Finance Toolkits on the intranet and are reviewed on a regular basis.

   Procedural instructions for finance staff are available via the Accounting Manual on the intranet and are reviewed on a regular basis

   Where local processes in Directorates apply, they are bound by the policies set out in 1 above.

Responsibility: Strategic Finance Manager (Data Control & Systems Development) in Oxfordshire Customer Services (OCS) along with Principal Financial Manager (Financial Planning & Management) in Corporate Finance are responsible for ensuring they are kept up to date, accurate and communicated appropriately.

3. **A system is in place for the regular monitoring of compliance with the financial policies and procedures.**

The monitoring of compliance is achieved through the Management Accounting teams as part of their regular meetings with managers and through the monthly financial monitoring process.

Compliance is also monitored through other areas of OCS such as Income (monthly debtors reports including numbers of invoices cancelled and bad debt write offs); Accounts Payable (BVPI8, duplicate payments); Banking (numbers of bank accounts opened and closed); County Procurement (Contracts).

Responsibility: Finance Business Partners have the responsibility to ensure that managers are aware of their financial responsibilities and are complying with financial policies and procedures. Non compliance is escalated to the Finance Business Partners, and where appropriate, to the Deputy Section 151 Officer, or Section 151 Officer.

4. **A system for delegating financial authority to staff at appropriate levels is in place and documented and kept up to date.**

The Scheme of Financial Delegations is made by the Chief Executive, in accordance with the Contract Procedure Rules (Section CC of the Council's Constitution) to enable delegation of her authority to sign contracts and other financial authorisations.

The schedule lists named posts and officers authorised to exercise specific powers under groups of functions (such as authorising orders, committing expenditure, Section 151 officers). Each group has a different level of delegation or responsibilities which are approved by Directors. The Scheme of Delegation is required to be reviewed at least annually to ensure it continues to meet the requirements of the Directorate and the Constitution. The schedules are available on the Intranet.

Responsibility: Directors are responsible for ensuring the Scheme of Delegation is kept up to date and accurate. Finance Business Partners are responsible for ensuring that the Directorate have an adequate process in place to discharge this responsibility and to ensure they are complying with regulations.

5. **All staff with financial responsibilities are aware of, and adequately trained to discharge their responsibilities.**

    For Managers
    Finance training is available for staff which includes a compulsory Managing Resources Effectively course for all managers with budget responsibilities and staff who are involved in the annual service and resource planning process. This is flagged in Induction Training.

    Further modular financial training is available via Learning & Development. Regular support is also available through the Management Accounting teams.

    All staff are made aware of, and are encouraged to use, the Finance Toolkits.

    For Finance Staff
    A series of monthly briefings are held for the finance community. The objective of the briefings is to help develop the knowledge of finance staff and to contribute to their continuing professional development.

    All staff have an annual Training Plan in place.

    Responsibility: Finance Business Partners have the responsibility to ensure that managers are aware of training opportunities and provide support where appropriate. Staff with professional finance qualifications are required to undertake continuing professional development as part of their professional body membership.

6. **There is adequate separation of duties.**

    SAP roles are designed to ensure that there is adequate separation of duties in all financial aspects of the system.

    The Scheme of Delegation, at point 4 above sets out nominated officers which ensure separation of duties.

    Where local processes in Directorates apply, they are bound by the policies set out in point 1 above.

    Responsibility: Allocation of SAP roles is authorised by the Finance Business Partners. Changes to SAP roles are authorised by the Assistant Heads of OCS or Head of Corporate Finance. Finance Business Partners have the responsibility to ensure where local processes apply, that policies and procedures are adhered to.

7. **Procedures are in place to ensure that proper accounting records are maintained and entries in them are properly authorised.**

SAP is used as the prime financial record. Controlled access to SAP via user roles ensures proper accounting entries.

Exceptions to the use of SAP as the prime financial record through the use of feeder systems, used to calculate payments due to suppliers or income to be collected, require written approval from the S151 officer. Where feeder systems are in place, controls should be in place to ensure that accurate expenditure/income is reflected on SAP.

Responsibility: Strategic Finance Manager (Data Control & Systems Development) is responsible for the uploads of the feeder systems to SAP on a monthly basis and for ensuring the controls are in place to ensure accurate

8. **Measures are in place to ensure the security of financial information.**

Access to financial information on SAP is controlled through SAP roles which are authorised by Finance Business Partners.

All systems are password protected and information (including financial) held on the council's network is backed up regularly by ICT.

Confidential financial information stored in spreadsheets should be secured by passwords.

Business critical systems should be approved by ICT. Where spreadsheets are in place for these, they should be stored on a network drive not locally or on a laptop and documented controls should be in place to ensure system changes are managed properly.

Responsibility: Assistant Heads of Finance in OCS and the Acting Head of Corporate Finance are responsible for ensuring the security of financial information.

9. **Service area budgets are set in accordance with key objectives and targets and procedures are in place to review and agree those budgets.**

The annual Service & Resource Planning process ensures that there is a thorough process in place to review the budget proposals and to ensure that budgets are set in accordance with the objectives and targets of the Directorate as part of the Business strategies and the wider Council priorities in the Corporate Plan.

Action Point: Finance Business Partners challenge the financial aspects of the Business Strategies ahead of submission to Star Chambers. S151 Officer & Deputy S151 Officer provide challenge at Star Chambers.

Subsequent verification is provided by the finance Business Partners to the Deputy S151 Officer prior to agreement of budget at Council.

10. **Agreed budgets are formally signed off by budget holders prior to the start of the financial year.**

Cost Centre Managers are issued with budgets and are required to formally sign-off as approved prior to the start of the financial year. Deputy Directors/Heads of Service are also required to sign off, prior to the start of the financial year, the budgets of their managers.

Responsibility: Business Managers (or another nominated officer) are responsible for tracking sign off. Issues are escalated to Management Accounting/Finance Business Partners and the relevant manager. Reporting of acceptance of budgets is reported to Business Managers Group with an overview by the Section 151 Officer.

11. **Budgets are monitored and reported on a monthly basis and action plans to address significant variations are agreed and documented**

Roles and Responsibilities document sets out expected actions including regularly accessing and reviewing actual expenditure and income on SAP and updating forecasts as appropriate. This is available on the Intranet and communicated via Financial Management Training.

Monthly budget monitoring responsibilities and timescales for managers are posted on the intranet.

Management Accounting teams meet with Managers on a regular basis (frequency depends on risk assessment of budget) to support and challenge financial forecasts.

Monthly budget monitoring information is reviewed at Directorate Management Teams on a monthly basis ahead of it being submitted to Corporate Finance for inclusion in the monthly report to Cabinet.

All virements and supplementary estimate requests are approved in accordance with Financial Regulations.

Responsibility: Finance Business Partners are responsible for providing advice; support and challenge that forecasts are accurate soundly based.

12. **Major projects have adequate and appropriate finance input.**

A suitable nominated finance officer should be included on all project teams and/or boards.

Officers will seek specialist advice, either internally or externally, for aspects of the project they are not able to advise on.

Action Point: Issues are escalated to Finance Business Partner, Deputy Section 151 officer, or Section 151 Officer as appropriate.

13. **Capital expenditure and income arrangements are appropriate and adequate.**

Capital expenditure and income are governed by the frameworks in place set out in points 1 to 13.

The exception to these is point 10. Rather than approve budgets in advance of the financial year, project approvals provide the method of budget sign off prior to the commencement of the scheme.

Responsibility: Project approvals are reviewed by the Capital Finance Team and are signed off by the Finance Business Partners. The capital moratorium in place from June 2010 required all schemes to be signed off by the Chief Finance Officer.

14. **Financial arrangements in schools are appropriate and adequate.**

The financial framework for schools is set out in the Scheme for Financing Schools, which is approved by the Secretary of State. The practical day to day application is set out in the Schools Financial Manual of Guidance which also includes links to the Council's Constitution (see point 1).

Local authorities are required to publish a scheme for financing schools setting out their financial relationship with the maintained schools in the council. Any amendments to the scheme must be the subject of consultation with all schools and be approved by the Schools Forum.

The Scheme summarises the policies adopted by the School's Governing Body in order to discharge its responsibilities for the sound financial management of the school within the financial regulations, standing orders and the scheme for the local management of schools issued by Council.

Responsibility: Responsibility for financial management of schools budgets is delegated to school governing bodies. The role of the Council is to challenge the governing bodies in undertaking these duties. This is discharged through the Schools Finance Team, who report to the Finance Business Partner.

Name: Lorna Baxter
Lead officer for: Financial Management

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: Legislation

General arrangements for ensuring effectiveness of the system of Internal Control is governed by the Corporate Governance Framework, which sets out the Council's approach to corporate governance assurance framework, for which I have general corporate oversight.

Revised Corporate Governance A...

Within this, as Monitoring Officer, I have statutory responsibility for ensuring the Council complies with its legal requirements and conducts its business properly, I achieve this by the following;

Corporate Governance Assurance Group

Co-ordinates preparation of the Annual Governance Statement and, therefore, receives corporate lead assessments as well as identification of areas of improvement on the internal control environment.

Corporate Governance Working Group

This Group co-ordinates the review and implementation of corporate governance policies and identifying areas of work within Directorates to raise awareness and compliance with corporate governance requirements.

Monitoring Officer Group

Reviews the work of Cabinet by scrutinising the Forward Plan and raising any issues of concern.

The Monitoring Officer has delegated authority to approve and amend operational policies and procedures relating to corporate governance.

CCMT

The Monitoring Officer sits as a designated Officer on the senior corporate leadership team to advise and assist in relation to policies and strategies in compliance with legal requirements.

Audit Working Group and Audit Committee

The Monitoring Officer also attends both these Member meetings and reports on and takes an active part in relation to ensuring compliance with corporate governance policies. As Monitoring Officer, I report to this Committee with regards to compliance of corporate governance policies, including Members gifts and hospitality and register of interests (also reported to the Standards Committee).

Standards Committee

The Monitoring Officer also undertakes induction training, briefings relating to Member briefings and training on prejudice, bias and conflicts of interest. In addition it is responsible for handling any complaints against the conduct of Councillors.

Data Protection Compliance

The Data Controller co-ordinates a sub-group of the Information Governance Group, which reports directly to the Corporate Governance Working Group in relation to data protection issues. This Group reviews breaches and identifies areas for improvement.

Performance Management

Data quality is the responsibility of the Data Controller and the work is co-ordinated by the Information Governance Group.

Legislation

This area is audited and Internal Audit undertake reviews as well as reports from ICT with regards to compliance.
The Head and Assistant Head of Law and Governance undertake a significant proactive approach to legal advice and ensuring Directorates comply with all relevant statutory and regulatory requirements by way of:

- Service Level Agreements
- Meetings with Senior Directors
- Client Satisfaction Feedback
- Accounts information
- Briefings on new legislation
- Training

This is supplemented by the Corporate Governance Strategy for Legal and democratic staff which makes explicit the requirement for all staff to raise issues of concern direct to me. Their work covers the whole of the Council so its am essential component of my monitoring arrangements.

CorpGovStratLegal
DemoServices2...

<u>Procurement and Contracts</u>

Contract compliance is the responsibility of the Monitoring Officer who undertakes an annual review of the Constitution and as part of that undertakes a review of the working of the Contract Procedure Rules across all Directorates. The Corporate Procurement Team undertake compliance checks with regards to these.
The Monitoring Officer controls the exemption requests and co-ordinates closely with the Contracts Team and Procurement Team to ensure that issues of concern are brought to my attention.

<u>Contract Compliance Monitoring</u>

The council's Contract Procedure Rules (CPRs) provide the process, procedures and guidance necessary to ensure compliance with EU and UK Public Procurement Law. The council is required to list all significant contract awards on a public list; in addition CPRs require all contracts with a value of £25,000 or more to also be included on the list. To satisfy these requirements the council publishes its Contacts Register, on the Southeast Business Portal.

Contract compliance is monitored by Purchase Order Specialists, identifying and monitoring authorisations for off-contract purchases (SRM Red Route), this ongoing process minimises the activity by providing expert advice and guidance to council purchasers. A Contract Compliance Register implemented and held by the Corporate Procurement Team, identifies, investigates and records breaches and issues of concern, with quarterly reports to the Monitoring Officer and Assistant Heads of Finance for overseeing and ensuring compliance.

<u>Information Technology</u>

The Data Controller and Deputy Head of ICT have responsibility for the Use of ICT Policy and Security Policy and the Policy itself is now a mandatory requirement before users are able to access their machines. Contraventions and breaches are referred to the Information Governance Group for review and reported to the CGWG.

<u>Other Significant Internal Control Issues</u>

The Monitoring Officer takes a pro-active lead to ensure that corporate governance awareness is high within the Council and ensures that policies and procedures are complied with including undertaking a confidential survey of Officers who have contact with Members to ensure that they are not under inappropriate or undue pressure in the performance of their work as well as a formal review of all whistleblowing allegations, which are reported in the Monitoring Officer's Annual Report.

Name: Peter G Clark, County Solicitor & Monitoring Officer

Lead officer for: Legislation

ANNEX 7

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: Human Resources

As the corporate lead officer for the above control area, I confirm the following points, in order to provide you with the assurance that you need to sign the Annual Governance Statement for 2010/11:

The following systems/mechanisms to ensure internal control have been in place throughout 2010/11:

1. There exists a performance management framework within the service which ensures that all staff are effectively line managed through a framework of 1 to 1's and annual performance reviews. This is in place across the Council but a reminder to managers of the need for regular 1 to 1's will continue to be undertaken periodically. This will be picked up with issue of appraisal guidance. Performance and competency issues are dealt with within the framework of the Councils policies and procedures.

2. Workforce Information is provided on a quarterly basis so that sickness and turnover within the service and across the Council is monitored and action taken. This also includes information on numbers of people employed, age profiles, gender and ethnicity.

3.   HR policies and procedures are documented in the HR toolkits on the intranet which includes step by step advice on how issues affecting the employment and management of people should be dealt with.

4. All HR roles in SAP have now been audited and the appropriate access attached to individuals posts.

5. There is a framework for ensuring that all new posts go through the proper authorisation via the Establishment Review System. New posts are reported to the Head of HR on a weekly basis and challenged as appropriate.

6. There is a framework in place for ensuring jobs are appropriately and consistently graded across the Council using the Council's Job Evaluation System. Job description ensures that employees are clear about the roles, responsibilities and accountabilities.

7. The performance of the HR Teams in OCS is measured through regular surveys with customers and performance against key performance indicators.

8. The levels of expected performance are detailed in the Service Level agreements for each of the HR Teams in OCS. These are monitored on a quarterly basis and are reported as part of overall HR performance to CCMT in line with broader HR scorecard reporting

9. There is a framework in place for creating and reviewing policies and procedures and consulting with the relevant Trade Unions.

10. The operational HR Teams are subject to regular audits and in some areas i.e. pay; this is on an annual basis.

11. The internal controls around H&S have been communicated separately by Vic Gore. In addition a quarterly report is provided to CCMT covering H&S actions and information on sickness, insurance claims and accidents and incidents.

12. We have an electronic booking system which can track the training undertaken by staff to ensure that mandatory training is undertaken.

13. There are processes in place to ensure that people who are absent through health issues receive appropriate advice, guidance and support from Occupational Health and Staff Care ensuring that any return to work in supported appropriately.

14. Risk Registers are in use which details the keys risks and the mitigation.

15. The Electronic Document Management system ensures employees personal data is held securely and access is restricted.

Name: Steve Munn

Lead officer for: Human Resources

ANNEX 8

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: *Health & Safety*

As the corporate lead officer for the above control area, I confirm the following points, in order to provide you with the assurance that you need to sign the Annual Governance Statement for 2010/11:

The following systems/mechanisms to ensure internal control have been in place through 2010/11.

1. Proactive Monitoring of OCC settings

A full health and safety on site visit is made to schools annually and to Directorate workplaces according to the 'risk screening criteria of setting'. The visit will cover all statutory health and safety responsibilities, including advice on practices related to the particular setting (both activities and processes). It includes a site safety tour to establish any actions needed to improve health and safety.

Monitoring visits are carried out as far as possible at mutually agreed dates and times by fully trained, professional members of the HSW team (usually with at least 6 weeks notice)

Action plans from previous visits will be examined to assess implementation against any weakness previously identified. The electronic reporting system of accidents, incidents and near misses will be interrogated to determine if there are any significant incidents or pattern of incidents to be followed up.

All monitoring reports and new action plans are produced with specified timescales. These reports are Quality Assured either by a Professional Lead or the County HSW Manager before being sent either to the manager and their line manager or, in the case of schools to the Headteacher and the Chair of Governors. Each individual is responsible for implementing the action points arising from the report. In workplaces with safety representatives a copy of the report is also given to the nominated individual. An effort grade is awarded after each visit.

All documentation is reviewed annually by a professional working group for its relevance / validity

Production of statistics to compare compliance levels year on year and, if necessary, service against service is undertaken and these are reported to CCMT and Directorate Leadership Teams.

If establishment/setting/team management has not resolved issues from previous action plans without good reason then this will be noted and will lower the current effort grade.

If the new overall grade is significantly lower than the previous year's grade or no progress has been made without good reason then the report will be escalated in accordance with the agreed protocols to nominated senior managers within the Directorate concerned so that the Directorate can investigate and support as appropriate.

If the grade is unacceptably low (less than 60% compliant) the reports will also be escalated as above *[see HSW intranet site with escalation procedures for schools and non schools]*

It is for Directorates' line managers to monitor that their manager has implemented the action plan. In schools, it is for the Governors to ensure the Headteacher complies with the requirements.

Currently where a service can show very high levels of compliance in the vast majority of their premises/settings over at least two consecutive years, with their senior managers' agreement, the service will be allowed to monitor their own establishments/settings/teams, with the HSW team only visiting a sample to ensure standards are maintained. In 2011 the services undertaking this are:-Libraries (excluding mobiles) Registrars & Coroners Services and Adult Learning

At present, all schools within the LA buy in a HSW subscription package through Quest. This subscription service for schools and governors also gives, by default, the LA assurance that HSW is being rigorously monitored in accordance with the County requirements.

Monitoring is based on the County's Health and Safety Policy and its strategy for 2010-15. It is also required under the Management of Health & Safety at Work Regulations 1999 (as amended) [see Extract 3]

2. Help desk service
A professionally staffed help-desk service is available for all employees in directorates and schools. Specialist and technical advice is provided including CLEAPSS and the Radiation Protection Adviser.

3. Communication

HSW communication is provided primarily through the HSW intranet site containing policies, action bulletins and procedures. Policies, procedures and guidance are produced according to legislative requirement and best practice and follow a consultation process with the Councils' Officers and Trade Unions. Regular meetings are held with the Health and Safety Executive to discuss any issues affecting OCC and to discuss best practice recommendations. Managers are set specific health and safety objectives annually.

4. Training

A training matrix details the Health and Safety training requirements for all staff and a full programme of training is provided. Managers are required to nominate their staff to attend the events appropriate to their role.

5. Service Level Agreement (SLA)

A Service Level Agreement is in place for all Directorates setting out the services that are on offer from HSW, the professional standards to be delivered and specifying the key performance indicators. The SLA details the risk ranking/screening criteria that will inform the frequency of visits.

6. Accident and incident reporting

An electronic reporting system was introduced in 2009 and enables immediate reporting of incidents. This includes 'near miss' reporting. The incidents are monitored as they are received so serious incidents are investigated immediately and trends can be identified. The team work closely with the Council's Insurance Team.

Name: Vic Gore

Lead officer for: Health & Safety

Appendix 1

County Health & Safety Policy Part 1

http://portal.oxfordshire.gov.uk/content/public/corporate/HealthSafety/2010/HS_Part_1_Policy_Oct2010Nosignatures.pdf

Appendix 2

OCC Health & Safety Intranet

http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Support/Health+and+safety/

Appendix 3

HSW SLA

http://portal.oxfordshire.gov.uk/content/public/shared_services/sla/HS_SLAJuly09.pdf

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: *Procurement/Contracts*

As the corporate lead officer for the above control area, I confirm the following points, in order to provide you with the assurance that you need to sign the Annual Governance Statement for 2010/11:

The following systems/mechanisms to ensure internal control have been in place throughout 2010/11:

1. a) in accordance with Contract Procedure Rules, officers must *advertise* details of all contract opportunities over £75k as they arise, and may also advertise lower value contract. b) Contracts of significant value must be *entered* on the Contracts Register, held in a database hosted on the South East Business Portal, typically those with a value exceeding £25k. County Procurement offers on-going help and support to ensure officers know how to use the Business Portal and associated contracts database. c) County Procurement officers examine orders being requested on SAP to check that they comply with mandatory contracts and preferred suppliers, and thus achieve benefits of aggregation of demand. d) All new vendor requests are processed through County Procurement and periodic checks are made to cleanse unused vendors from the system.

2. Officers must raise all purchase orders on approved systems, or in agreed circumstances using a Government Procurement Card. These transactions are monitored closely to ensure they comply to preferred contracts and suppliers, or in line with the appropriate use of the procurement card system. When either incorrect contracts or unauthorised suppliers are requested the requisitions are blocked ("red-routed") and County Procurement intervenes to correct any errors and authorise exceptional requests when appropriate.

Recurring non-compliance is initially reported to the relevant category manager in the County Procurement Team (CPT) and discussed with the customer. If the issue cannot be amicably resolved the matter is escalated to directorate management level. If a breach of Public Procurement Legislation (PPL) is potentially being invoked the County Solicitor will be notified.

3. Checks are made on the number and type of Official Journal of the European Union notices being generated by the council and these are reported to The Cabinet Office – Efficiency and Reform Group annually.

4. A register of any potential breaches of PPL is maintained by County Procurement and this is reviewed and action taken immediately a potential breach is detected. Serious potential breaches will be escalated to the County Solicitor and the Section 151 Officer, and may trigger a flag case to the Chief Executive.

5. Senior procurement managers are actively managing the relationship with de-centralised purchasing points to drive value for money and good professional practice. This includes offering and running training and development interventions for relevant staff

6. All buying points are advised to use, and are offered training to use an e-tendering package in order to streamline and simplify the contract letting process. The system makes use of toolkits and templates developed in conjunction with Legal Services to ensure compliant and professional good practice. These are available to all staff registered with County Procurement as a competent user.

Schools are not included in the above control processes but we do have a support system in place for schools.

Name: Stephen McHale

Lead officer for: Procurement/Contracts

ANNEX 10

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: *Information Technology*

As the corporate lead officer for the above control area, I confirm the following points, in order to provide you with the assurance that you need to sign the Annual Governance Statement for 2010/11:

The following systems/mechanisms to ensure internal control have been in place throughout 2010/11:

The Relevant Controls.

There are three of ICT's family of policies which contain relevant controls.

- The ICT Acceptable Use Policy.
- The Personal Data Security Breach Policy and Procedure.
- The Information Security Incident Management Policy.

In addition, the Council is subject to the Code of Connection v3.2 for Government Connect. The code of connection encompasses a number of statements of control and duplicates the previous British Standard ISO27001.

How do we know the controls are working?

- In the case of the Council's Acceptable Use Policy, individual incidentson non-compliance are escalated by an individual Service Manager and/or by HR Business Partner for information and clarification. Where non compliance is suspected by ICT through regular inspection of data logs, escalation is direct to the appropriate line manager. All subsequent actions are via the Council's disciplinary procedure.

  ICT have instituted an annual exercise to ensure that all staff have taken an on-line course on the Council's Acceptable Use Policy. Failure to comply means disconnection from the network and escalation to the line manager for follow up at the Service end. In the recent exercise, more than 400 user accounts have been disabled permanently.
- Both the data breach and security incident policies contain:

    o   Sections covering scope and definition.

- A governance section indicating who is responsible for the policy, who is accountable, who was consulted and who should be informed.
- There are also process flows indicating the reporting and management of various incident types.

The operation of the controls are evidenced by the reporting of incidents and breaches, the operation of the governance procedures, and correct actions following the process flows.

- The Data Security Breach policy is the most frequently used source of reports, and relate to the compromise of personal data. Calls are received by the service desk and categorised by a separate service desk procedure, as follows:

  - Code 99: Child protection.
  - Code 88: Breach of personal data security.
  - Code 77: Other incidents/ breaches of Acceptable Use Policy.

- These incidents typically relate to loss or theft of a device holding data. They have a high profile within ICT because of the possible risk to individuals, and also a national profile because of recent Information Commission Office fines.

- The Information Security Incident Management Policy applies where information systems or data may have been affected by an adverse event which may damage the Council. These events typically relate to the operation of IT systems, which require concerted ICT action laid down in an ICT information security incident handling process.

  There is a degree of overlap between these two policies. Incidents of unauthorised or unexpected systems access, which are security incidents, tend to be reported as data breaches. The process flows ensure that the correct actions are taken according to the incident type.

Reporting.

- Nominated Directorate representatives have a key role in the management of any incident where directorate data is involved. The process flows ensure that this happens, and a risk matrix is available to assist with assessing the seriousness of the incident.
- A serious incident involving personal data, as identified by a risk matrix, would need to be reported to the Information Commissioners office. The ICT Lead Officer, the Council's data controller and the Assistant Chief Executive and Chief Finance Officer would take the decision to do this.
- Data security breaches are reported quarterly to the Information Governance Group.

- An information security incident would also be reported to the Information Governance Group.

Remedial Action.

A number of steps have been taken to assess the effectiveness of controls.

Any incident related to data breach or security is logged on receipt by the ICT Service Desk on the Supportworks helpdesk system, and an email is generated to the Security Incidents mailbox to ensure prompt management attention.
Each entry or update to the Supportworks system is timed.

The call will be monitored until the incident is controlled or the directorate representatives have indicated that no further ICT involvement is required. The call will continue to be "live" until it is clear that no further action of any kind is required and the call will be closed.

Close attention is paid to the time elapsed between the initial call and the incident being brought under control to make sure it is not excessive, and conclusions are drawn on all the actions taken to be reported to the Information Governance Group.
The Supportworks system is also monitored to reveal the small number of calls which have not been correctly categorised as security incidents, and service desk procedures are modified where necessary.

Government Connect

There is a Code of Connection that applies to all public sector organisations that need to exchange data with central government. DWP is the lead for central government.

The code of connection embraces a range of controls, policies and procedures relating to infrastructure integrity and security. As a local authority, Oxfordshire's Wide Area Network (WAN) is required to meet level 3 security standards which the code of connection reflects.

How do we know the controls are working?

External inspection confirmed Oxfordshire's compliance with the code of connection in August 2009. A further inspection by Siemens in October 2010 confirmed compliance with the revised code of connection.

Remedial Action

Key remaining action required concerns encryption of laptops which has been progressing piecemeal to date but will be taken forward as a wholesale programme for all 2200 laptops users from May 2011.

We note the perceived value for ISO27001. We have engaged a separate audit exercise with an independent assessor (Hytec) to evaluate any meaningful gap between that standard and the code of connection compliance that Oxfordshire has already achieved. That evaluation will be available to us in May 2011.

Name: Graham Shaw

Lead officer for: Information Technology

To: Directors, Chief Executive and Leader of the Council

Corporate Governance Framework

Corporate Lead Officer's Certificate of Assurance 2010/11

Control Area: *Partnerships*

As the corporate lead officer for the above control area, I confirm the following points, in order to provide you with the assurance that you need to sign the Annual Governance Statement for 2010/11:

The following systems/frameworks are in place to ensure internal control over the thematic partnerships. Please note that we are in a period of transition and all thematic partnerships are currently reviewing their roles, remits and purpose.

1. The **Partnership update report** is taken to full council 3 which focuses on the outcomes achieved by partnerships and provides a summary of their direction of travel - this covers information on the thematic partnerships only - see attached the last report:

2. The **Partnership guidelines** have been revised and available on the intranet
Please note that the Corporate Governance Assurance group agreed the revised guidelines at their previous meeting - they agreed that the revised guidelines would suffice and that it was sensible to be less prescriptive at the time given the current climate.

The revised guidance can be found on the intranet:
http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Support/Partnership+working/

3. The **Partnership Development** group meets 6 times a year which consists of the main lead officers for each of the thematic partnerships. This meeting is used to discuss changes in partnership focus and progress made in priority areas.

Name: Claire Moore

Lead officer for: Partnerships

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AUDIT COMMITTEE – 20 APRIL 2011

WORK PROGRAMME 2011/12

2011

29 June (to be re-arranged)

Internal Audit Services – Annual report 2010/11
(Ian Dyson)

Annual Governance Statement 2010/11
(Peter Clark)

Statement of Accounts 2010/11
(Sue Scane)

21 September

Risk Management Annual Report
(Risk & Performance Adviser)

Final Statement of Accounts 2010/11:
  Annual Governance Report 2010/11 (OCC)
  Annual Governance Report 2010/11 (OCC Pension Fund)
  Statement of Accounts 2010/11 Audit Adjustments
  Letter of Representation to the Auditors

Treasury Management Outturn 2010/11
(Sue Scane)

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

Review of Corporate Governance Assurance Framework
(Peter Clark & Sue Scane)

16 November

Treasury Management Governance – Annual Report
(Sue Scane)

Financial Management Action Plan
Progress to date and feedback
(Jo Stone / Kathy Wilcox)

2012

18 January

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

Audit Committee - Draft Work Programme 2012/13
(Co-ordinated by Committee officer in consultation with relevant directorate officers)

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29 February

Audit Committee Annual Report to Council 2011
(in accordance with the process adopted by the Committee on 29 November 2006

Internal Audit Services-Internal Audit Strategy & Annual Plan 2012/13
(Ian Dyson)

Audit Commission Reports

2011:
02 March - Progress Report
20 April - Progress Report
29 June - Progress Report, Letter to Those Charged with Governance
21 September - Progress Report, Annual Governance Report
16 November - Progress Report, Annual Audit Letter

2012:
18 January - Progress Report
29 February - Progress Report

Regular Reports:

- Scrutiny - governance & control matters (as they become available):
  - scrutiny annual report
  - scrutiny work programme
  (Alexandra Bailey)

- Audit Working Group
  (Ian Dyson)

- Audit Committee Work Programme – update/review
  (Committee Officer/Chairman/relevant officers)

Other matters

None identified

Background Papers   Nil

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

April 2011