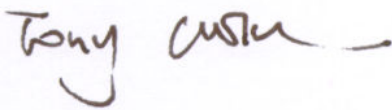


To: **Members of the Audit Committee**

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

**Wednesday, 23 September 2009 at 11.30 am**

**County Hall**



Tony Cloke  
Assistant Head of Legal & Democratic Services

September 2009

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

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### **Membership**

Chairman – Councillor David Wilmshurst  
Deputy Chairman - Councillor Ray Jelf

### *Councillors*

Alan Armitage  
Roy Darke  
Tim Hallchurch MBE

A.M. Lovatt  
Charles Mathew  
Larry Sanders

Lawrie Stratford  
Geoff Jones

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### *Co-optee*

Dr Geoff Jones

### **Notes:**

- ***Date of next meeting: 18 November 2009***

## 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 Section DD 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**

To approve the minutes of the meetings held on 2009 (AU3) and to receive for information any matters arising from them

4. **Petitions and Public Address**
5. **Risk Management Annual Report**

**11:40**

**Cabinet Member for Finance & Property:** **Councillor C.H. Shouler**  
**Contact:** *Alexandra Bailey, Corporate Performance & Review Manager*

Report by Head of Strategy (**AU5**).

This risk management annual report highlights the advances that have been achieved since September 2008 and suggests potential actions and improvements to be taken forward to the following year. These potential actions (if agreed) can be developed into the next risk management improvement plan.

**The Committee is RECOMMENDED to:**

- (a) **note the progress to date; and**
- (b) **provide any feedback on the report.**

6. **Final Statement of Accounts 2008/09**

**12:00**

- (b) **Report to those charged with governance 2008/09 (Oxfordshire County Council)**

**Cabinet Member for Finance & Property:** **Councillor C. H. Shouler**  
**Contact:** **KPMG LLP**

The report (**AU(6)(a)**) meets requirements for the external auditors to

communicate to those charged with governance audit matters of governance interest that arose from the audit of the financial statements. It summarises the key issues identified during the audit of the County Council's financial statements for the year ended 31 March 2009. It also summarises KPMG's assessment of the County Council's arrangements for securing value for money in its use of resources.

(c) **Report to those charged with governance 2008/09 (Oxfordshire County Council Pension Fund Accounts)**

*Chairman, Pension Fund Committee  
Cabinet Member for Finance & Property  
Contact:*

*Councillor David Harvey  
Councillor C.H. Shouler  
KPMG LLP*

The report (**AU(6)(b)**) meets requirements for the external auditors to communicate to those charged with governance audit matters of governance interest that arose from the audit of the Local Government Pension Fund Accounts.

***The Committee is RECOMMENDED to accept the reports (AU(6(a) and (b)) to those charged with governance and note any comments from KPMG LLP.***

(d) **Statement of Accounts 2008/09 Audit Adjustments**

and

(e) **Letter of Representation to the Auditors**

*Cabinet Member for Finance & Property:  
Contact:*

*Councillor C. H. Shouler  
Stephanie Skivington. Strategic  
Finance Manager (Financial  
Accounting & Reporting)*

The reports to those charged with governance by KPMG LLP provide a summary of the changes required to the accounts identified during the course of their audit. The report (**AU6(c)**) provides further information on the impact of these changes on the accounts.

The Letter of Representation to the Auditors (**AU6(d)**) complies with auditing standards which require KPMG LLP to obtain representations from management on certain matters material to their opinion.

***The Committee is RECOMMENDED to note any changes required by the external auditors to the Final Statement of Accounts 2008/09 and agree the Letter of Representation to the Auditors.***

**7. Financial Management Action Plan**

**12:40**

***Cabinet Member for Finance & Property: Councillor C.H. Shouler***

Contact:

*Georgina Paton, Principal  
Financial Manager (Corporate &  
Professional Standards)*

Report by Chief Finance Officer (**AU7**).

In the second half of 2008 Local Government Futures Ltd (LGF) reviewed financial management arrangements across Oxfordshire County Council. There were no particular weaknesses that the review was intended to address, the main purpose was to further improve and move towards best practice financial management. All services were included in the review, with the exception of schools.

The review concluded that Council scored well against the CIPFA Model, and compared to other authorities. As expected scope for improvement was identified in a number of areas.

The report summarises the progress made so far with FMAP for review by the Committee.

***The Committee is RECOMMENDED to note the progress to date and give any feedback on the monitoring report to the Chief Finance Officer.***

## **8. Audit Working Group - 10 September 2009**

**1:00**

***Cabinet Member for Finance & Property:***  
Contact:

***Councillor C.H. Shouler***  
*Ian Dyson, Assistant Head of  
Finance (Audit)*

The report (**AU8**) summarises matters arising from the most recent meeting of the Audit Working Group (AWG).

***The Committee is RECOMMENDED to***

***(a) note the report;***

***(b) obtain assurance from Officers that corrective action over poor performance within the Fairer Charging System is being dealt with as a priority; and***

***(c) agree the AWG should continue to monitor the performance of the Fairer Charging System until satisfied improvements have been embedded and good performance is routinely achieved.***

## 9. Local Government Ombudsman's Annual Review of Oxfordshire County Council

1:30

*Leader of the Council  
Contact:*

*Councillor Keith R. Mitchell CBE  
Peter Clark, Monitoring Officer*

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

The Council has received the Local Government Ombudsman's Annual Review of Oxfordshire County Council for the year ended 31 March 2009. This document provides a summary of the complaints made against the Council and comments on our performance and complaints handling arrangements. Members are asked to consider the implications of this Review.

***The Committee is RECOMMENDED to note and comment upon this report and on the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2008/09***

## 10. The Role of the Audit Committee in Treasury Management

1:40

*Cabinet Member for Finance & Property:  
Contact:*

*Councillor C.H. Shouler  
Ian Dyson, Assistant Head of  
Finance (Audit)*

Report by Assistant Chief Executive & Chief Finance Officer (**AU10**).

Following the Icelandic Bank issues that affected many public sector organisations the Department for Communities and Local Government (DCLG), and the Audit Commission has recently published reports on what improvements should be made to the governance of Treasury Management within Local Authorities; this includes recommendations that the Audit Committee should have a role in monitoring the effectiveness of the governance arrangements.

This paper is to inform the Committee of the recommendations and then for the Committee to determine how it wants to take this matter forward.

***The Committee is RECOMMENDED to***

(d) ***RECOMMEND Council to amend the Committee's terms of reference to include specifically the role of scrutinising and monitoring treasury management policies in accordance with the Audit Commission recommendation;***

(e) ***dedicate the development session before the next Audit Committee to training in treasury management;***

(f) ***request officers report back to the next committee***

*meeting with a self assessment and action plan for implementing the recommendations set out in the Audit Commission report; and,*

- (g) *consider future reporting requirements with regard to its role in scrutinising and monitoring treasury management policies.*

## **11. Audit Committee Work Programme**

**1:55**

Contact:

*(Geoff Malcolm/relevant officers)*

To update/review the Committee's Work Programme (**AU11**).

### **2.00 Close of Meeting**

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#### **Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **Date Not Specified at Time Not Specified** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

## Audit Committee

### Explanation of Abbreviations and Acronyms

The following is a list of abbreviations and acronyms that have occurred in reports to the Audit Committee, or during discussions at their meetings. It is not intended to be an exhaustive list of those used throughout the Council, however it will be reviewed prior each Audit Committee Meeting and updated should new examples occur.

<b>AC</b>	<b>Audit Committee:</b> Public Committee of Oxfordshire County Council whose purpose is to provide independent assurance on the adequacy of the Councils internal control framework, including risk management, and to oversee the financial reporting process
<b>AES</b>	<b>Annual Efficiency Savings</b>
<b>ASB</b>	<b>Accounting Standards Board:</b> UK body that sets accounting standards. A subsidiary body of the Financial Reporting Council.
<b>AGS</b>	<b>Annual Governance Statement:</b> Previously referred to as the <b>SIC</b> , the Annual Governance Statement is published annually by the Council with its Statement of Accounts
<b>APA</b>	<b>Annual Performance Assessment.</b> Managed by Ofsted, the APA focuses on the contribution that a council's services have made in the previous year towards improving outcomes for children and young people.
<b>AWG</b>	<b>Audit Working Group:</b> An informal Member / Officer working group of the Audit Committee enable the Committee to fulfil its responsibilities effectively and to receive private briefings on any matters of concern.
<b>BCP</b>	<b>Business Continuity Plan:</b> The Council plan for managing the impact of an emergency
<b>BCSG</b>	<b>Business Continuity Strategic Group:</b> Officer based group chaired by the Monitoring Officer, tasked with providing assurance that Government Standards for business continuity management are being met.



<p><b>BVACOP</b></p>	<p><b>Best Value Accounting Code of Practice.</b> This code is produced by CIPFA and is recognised as the 'proper practices' required under the Local Government Act 2003. The Code provides practical guidance on all formal financial disclosures required in relation to Best Value.</p>
<p><b>BVPI</b></p>	<p><b>Best Value Performance Indicator:</b> A national measure of performance, set by central government</p>
<p><b>BVPP</b></p>	<p><b>Best Value Performance Plan:</b> An annual report produced by local authorities detailing current performance levels, actions of the councils, and future performance standards expected</p>
<p><b>CAA</b></p>	<p><b>Comprehensive Area Assessment.</b> This comes into effect in 2008/09 and replaces the <b>CPA</b> as the Audit Commissions process for reviewing the effectiveness of outcomes to local people across public sector bodies</p>
<p><b>CAAL</b></p>	<p><b>Comprehensive Area Assessment Lead.</b> This person works for the Audit Commission and is the primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.</p>
<p><b>CCMT</b></p>	<p><b>County Council Management Team:</b> Comprises of the Chief Executive, Assistant Chief Executive and all the Directors of Services</p>
<p><b>CGAG</b></p>	<p><b>Corporate Governance Assurance Group.</b> Previously known as the <b>SWG</b>, An officer group tasked with compiling the <b>AGS</b>, including the development and promotion of the internal control framework, and the collation of evidence to support the Annual Governance Statement.</p>
<p><b>CGWG</b></p>	<p><b>Corporate Governance Working Group.</b> This Group was originally created to assist the Monitoring Officer in raising awareness of the importance of corporate governance. The principal focus of the Group is to review and update Corporate Governance Policies and to monitor implementation of these. It also has responsibility for reviewing the Local</p>

	Code of Corporate Governance and to hold Officers to account.
<b>CIPFA</b>	<b>Chartered Institute of Public Finance &amp; Accounting:</b> CIPFA has responsibility for setting accounting standards and providing professional guidance for local government.
<b>Connexions</b>	The Connexions Service came under the control of the County Council from April 2007; it provides information, advice and guidance for young people aged 13-19.
<b>CPA</b>	<b>Comprehensive Performance Assessment:</b> The method by which the Audit Commission assess, measure and compare the performance of Local Authorities.
<b>CSCI</b>	<b>Commission for Social Care Inspectorate.</b>
<b>CYPF</b>	Directorate for <b>Children, Young People &amp; Families</b>
<b>DCSF</b>	<b>Department for Children, Schools &amp; Families</b>
<b>DSG</b>	<b>Dedicated Schools Grant</b>
<b>DoT</b>	<b>Direction of Travel</b>
<b>E &amp; E</b>	Directorate for <b>Environment &amp; Economy</b>
<b>ETMS</b>	<b>Electronic Time Management System:</b> System used for home support activity.
<b>FMIP</b>	<b>Financial Management Implementation Plan:</b> The Financial Management Implementation Plan (FMIP) is a set of actions designed to improve financial management within Oxfordshire County Council, arising from the report by Robson Rhodes in 2004. An updated plan FMIP2 has been prepared following a follow up review by Robson Rhodes in 2005/06.
<b>FMSiS</b>	<b>Financial Management Standard in Schools</b>
<b>FOI</b>	<b>Freedom of Information</b>

<b>FRS</b>	<b>Financial Reporting Standards.</b> These are set by the Accounting Standards Board (ASB), and the Council is required to comply with these.
<b>FSM6</b>	The financial management system used in schools. (Please note that between April 2008 and July 2009, all schools will be moving to SAP as their financial management system.
<b>FWT</b>	<b>Food With Thought.</b> A traded service run by the Council, providing catering services to schools and council establishments.
<b>ICC</b>	<b>Internal Control Checklist</b>
<b>IFRS</b>	<b>International Financial Reporting Standards.</b> This will be the new standard of accounting practice that all Local Authorities will be required to comply with. The estimated implementation date for Local Authority compliance is currently 2010/11.
<b>ISA260</b>	<b>International Standards on Auditing:</b> The ISA 260 is the standard that requires the external auditors (KPMG LLP) to communicate audit matters of governance interest arising from their audit of the financial statements of the Council. They communicate any such matters through a formal report to the Audit Committee.
<b>ITS</b>	<b>Integrated Transport Service</b>
<b>JAR</b>	<b>Joint Area Review.</b> Managed by Ofsted, the joint area review judges the contribution that the council and its partners in the local area are making to improve outcomes for children and young people
<b>KLoE</b>	<b>Key Lines of Enquiry:</b> Defined and used by the Audit Commission to support the Comprehensive Performance Assessment (CPA) of Local Authorities
<b>KPMG LLP</b>	The Councils External Auditors appointed by the Audit Commission
<b>LA</b>	<b>Local Authority</b>
<b>LAA</b>	<b>Local Area Agreement:</b> Local Area Agreements are made between central and local government in a local area. Their aim is to achieve local solutions that meet local needs, while also contributing to national priorities and

	the achievement of standards set by central government. There is an Oxfordshire LAA. Targets are set and specific funding streams are obtained through the LAA.
<b>LSP</b>	<b>Local Strategic Partnerships:</b> The bringing together of key local organisations from the public, private, voluntary and community sectors to focus efforts on the issues that matter most to local people and communities. In Oxfordshire there is a countywide LSP known as Oxfordshire Community Partnership (OCP).
<b>Monitoring Officer</b>	This is a statutory post under Section 5 of the Local Government and Housing Act 1989, with the overarching responsibility to ensure the lawfulness and fairness of decision making in the Council.
<b>MTFP</b>	<b>Medium Term Financial Plan.</b> Updated annually, the MTFP sets out a five year forecast of resources and service spending priorities.
<b>NFI</b>	<b>National Fraud Initiative.</b> The Audit Commission's computerised data matching exercise designed to detect fraud perpetrated against public bodies.
<b>OCP</b>	<b>Oxfordshire Community Partnership:</b> The Countywide LSP in Oxfordshire.
<b>OFG</b>	<b>Operational Finance Group:</b> This group is responsible for the implementation of policies and procedures and for the control of financial activities such as budget and yearend. It is directed by the Strategic Finance Managers Group (SFG), to which it reports its activities through its Chair, the Chief Accountant.
<b>Ofsted</b>	<b>Office for Standards in Education</b>
<b>OSJ</b>	<b>Orders of St. John Care Trust</b>
<b>OWP</b>	<b>Oxfordshire Waste Partnership</b>
<b>PAYE</b>	<b>Pay As You Earn</b>
<b>PCT</b>	<b>Primary Care Trust</b>

<b>Project Link</b>	This is the project in Social and Community Services to develop an integrated management system for Adult Social Care that can interface directly with the main accounting system (SAP)
<b>PSA</b>	<b>Public Service Agreement</b>
<b>PWLB</b>	<b>Public Works Loan Board.</b> This is a statutory body operating within the UK Debt Management Office, an Executive Agency of HM Treasury. Its function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
<b>QuEST</b>	<b>Quality Educational Services and Training:</b> Available in schools from the Educational Effectiveness Service.
<b>S151 Officer</b>	A statutory post, under Section 151 of the Local Government Act 1972 held by the Head of Finance and Procurement. The S151 Officer is responsible for the proper administration of the financial affairs of the Council
<b>SAP</b>	SAP is the Councils key management information system, including the main accounting system.
<b>SAP revitalisation</b>	This is the Programme for the development of SAP required to deliver consistent, reliable and robust business management information.
<b>Schools Forum</b>	This is a group made up of representatives from schools and other stakeholder bodies, and includes schools Governors and Head Teachers. The remit of the group is to consider schools funding formula; contracts; financial issues; and the provision of accounts to schools.
<b>SDLT</b>	<b>Stamp Duty / Land Tax</b>
<b>SFG</b>	<b>Strategic Finance Group:</b> Officer group comprising Head and Assistant Heads of Finance and Strategic Finance Managers, with responsibility for providing advice and assurance on system of internal financial control and to specify the accounting framework and standards and the financial management requirements.

<b>Shared Services</b>	This is the Programme designed to bring under one umbrella HR and Finance support functions in order to provide a more efficient and effective services.
<b>SIC</b>	<b>Statement on Internal Control:</b> In accordance with the Accounts and Audit regulations 2003, the Council is required to provide an annual statement on the adequacy and effectiveness of its system of internal control.
<b>SOLACE</b>	<b>Society of Local Authority Chief Executives and Senior Managers</b> is the representative body for senior strategic managers working in the public sector. SOLACE spans all of the UK, having membership in Northern Ireland, Wales, Scotland and England.
<b>SORP</b>	Statement of Recommended Practice. These are guidance on accounting standards as defined by the Accounting Standards Board (ASB)
<b>SWG</b>	<b>Statement on Internal Control Working Group:</b> An officer group tasked with compiling the SIC, including the development and promotion of the internal control framework, and the collation of evidence to support the annual SIC Statement.
<b>SWIFT</b>	Management information system used by Social & Community Services.
<b>Use of Resources</b>	This is part of the Audit Commissions CPA assessment that focuses on financial management and the links to the strategic management of the council. It looks at how financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money.
<b>WGA</b>	<b>Whole Government Accounts</b>

Ian Dyson  
Assistant Head of Finance (Audit)  
Updated 24 June 2008