

AUDIT COMMITTEE – 29 February 2012

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 16 February 2012

The meeting was attended by:

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

Part meeting only: AWG4 Steve Smith.

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

Apologies: Cllr. Lovatt

AWG WORK PROGRAMME ITEMS

The main business items of the meeting were as follows:

AWG 4 Internal Audit Report

AWG 5 Risk Management Report

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

MATTERS FOR REPORT TO THE AUDIT COMMITTEE:

Matters arising from the Audit Committee 18 January

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

Internal Audit Report

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

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

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

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

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

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

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

Risk Management Report

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

AWG Terms of Reference

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

Work Programme

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

RECOMMENDATION

The Committee is RECOMMENDED to:

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

SUE SCANE

Assistant Chief Executive & Chief Finance Officer
Corporate Core

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February 2012

ANNEX 1

Audit Working Group

Terms of Reference

Membership

The Audit Working Group shall comprise of:-

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

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

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

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

Role

The Audit Working Group shall:

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

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

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

receive private briefings on any matters of concern;

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

Reporting

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

Meeting

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

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

Confidentiality

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

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

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

UpdatedFebruary 2012

Review Date.....February 2013

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ANNEX 2

Proposed Dates for Audit Working Group 2012/13

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

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

ANNEX 2

AUDIT WORKING GROUP WORK PROGRAMME 2012/13

2012

Wednesday 29 February

SPECIAL MEETING IMMEDIATELY FOLLOWING THE AUDIT COMMITTEE

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

Thursday 5 April

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

Thursday 21 June

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

Monday 10 September

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

Thursday 8 November

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

2013

Thursday 14 February

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

Wednesday 27 February

SPECIAL MEETING IMMEDIATELY FOLLOWING THE AUDIT COMMITTEE

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

Last updated: 9 February 2012

Ian Dyson, Chief Internal Auditor 01865 323875

