

AUDIT COMMITTEE – 23 SEPTEMBER 2009

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 10 September 2009.

The meeting was attended by:

Dr. Geoff Jones – Chairman; Cllr. David Wilmshurst; Cllr. Charles Mathew; Cllr. Alan Armitage; Sue Scane, Assistant Chief Executive; Ian Dyson, Assistant Head of Finance (Audit); Mike King, ICT Programme Manager (AWG1509 only); Sean Collins, Assistant Head of Shared Services (AWG1609 only)

Observers: Cllr. Lovatt, Cllr Sanders, Cllr. Darke

1. MATTERS REFERRED TO THE GROUP BY THE AUDIT COMMITTEE

There were no new items referred at the last meeting of the Audit Committee.

2. AWG WORK PROGRAMME ITEMS

AWG1509 SAP Authorisations – Progress Report

The Group is monitoring action on this project as a result of a failure to achieve the necessary improvement highlighted in last year's annual governance statement, and will continue until it is satisfactorily resolved. The Group was informed that progress has been slower than anticipated. In part this has been due to the need to divert resources to the SAP Upgrade Project; however, the progress with the technical build of new SAP roles has also been delayed by operational staff not providing information on a timely basis. The Group was told that whilst the level of risk has not increased, the impact of the delays will result in the project timetable being pushed back and therefore a longer exposure to the risks. The Group was given assurance that officers will be instructed to give this a priority, and have requested a revised project timetable be presented at the next meeting. The Group also agreed that should operational staff continue to cause delays in the completion of this project, their managers should be invited to attend the AWG to discuss the reasons why.

AWG1609 Fairer Charging System Update on Performance

At the Audit Committee on 25 June 2008 the AWG reported significant concerns regarding the operation of controls within the Fairer Charging System; the Committee resolved to report the concerns about the Fairer Charging process to the Cabinet Member for Social & Community Services, and recommended that he receives regular reports on the performance of the process and the financial impact of any delays. On 24 September 2008 the Audit Committee was informed that the first performance report had been produced in September 2008 for Senior Management and for the Cabinet Member; the Committee tasked the AWG to

continue to monitor the progress made in improving the performance of the Fairer Charging System. In January 2009 the AWG received a report demonstrating that key control issues previously highlighted within the Fairer Charging System had been addressed; management were receiving regular performance reports to enable corrective action to be taken where delays in the processing of the financial assessment of clients were occurring. The Group had requested an update at this meeting to confirm that performance had improved but were disappointed and concerned that the latest report demonstrated there had been very little improvement overall in the performance of the timing of financial assessments, and that recent indicators were showing a downward trend in performance. The Group received some assurance that corrective action was being taken where the delay was within the control of the Financial Assessment Team, but noted that there continued to be an unacceptable number of cases where the delay appeared to result from Care Management teams failing to notify the Financial Assessment team of new clients. The Group was concerned at the unacceptable performance, as the consequence has a financial impact through forgone income, and could also cause unnecessary distress to clients as they would have uncertainty over the financial implications resulting from their care package.

The Group felt strongly that despite repeated assurances from officers that key control issues are being addressed, action is now required to ensure that this issue is being treated as one of the highest priority. The Group is referring this matter back to the Audit Committee and is recommending that the Senior Manager from Social & Community Services attends the Committee meeting in order to provide assurance that corrective action is being given a suitable priority. The Group also feels that it should continue to receive updates on progress with the improvement of performance, until such time as acceptable levels are regularly being achieved.

AWG1709 Internal Audit Quarterly Report

The Group was updated on staffing and structure changes within the Internal Audit Team, including two internal promotions, and the secondment of two Auditors from Deloitte that has been financed by the income generated from the external work delivered to Buckinghamshire County Council. The Group noted the delivery of the audit plan remains on track. The Group was also pleased to note that the follow up procedure is now operating well.

AWG1809 Update on Schools Support Team S151 Issues

The Assistant Head of Finance (Audit) gave an oral update on progress with management actions initially arising from the 2008/09 Internal Audit report. The business process reengineering (BPR) project is reaching a conclusion; a new structure has been determined after discussion with the Schools Forum, and the recruitment process is scheduled to be completed during October 2009. The Schools Support Finance Team are now prioritising their financial monitoring and challenge role following the introduction of a new risk assessment model. A full report will be provided to the Group at the next meeting, by which time the BPR should have been concluded.

AWG1009 Review Work Programme

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

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.**

SUE SCANE

Assistant Chief Executive & Chief Finance Officer
Corporate Core

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10 September 2009

**AUDIT WORKING GROUP
WORK PROGRAMME 2009/10**

2009

Thursday 22 October

- Internal Audit Quarterly Report (Q2 – 2009/10) – Ian Dyson
- Risk Management Progress Report – Ian Mills
- Quarterly Update AGS Action Plan – Georgina Paton
- SAP Authorisations Progress report – Ian Dyson / Mike King
- Update on Schools Finance BPR exercise – John Hickson/Jo Stone
- Learning and Development – TBC
- Progress report on issues arising from KPMG report to those charged with governance (September 2009) -

2010

Thursday 7 January

- Annual Governance Statement Process – annual review of the assurance framework – Georgina Paton
- Quarterly Update AGS Action Plan – Georgina Paton
- Internal Audit Quarterly Report (Q3 – 2009/10) – Ian Dyson
- Risk Management Progress Report – Ian Mills

Thursday 18 February

- Internal Audit Progress Report 2009/10 – Ian Dyson
- Risk Management Progress Report – Ian Mills
- Progress report on issues arising from the KPMG Annual Report (December 2009) - TBC
- Draft work programme 2009/10 – 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: 10 September 2009

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