

AUDIT & GOVERNANCE COMMITTEE – 11 JUNE 2015

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 11 June 2015

The meeting was attended by:

Dr Geoff Jones – Chairman; Cllr D Wilmshurst; Cllr S Lovatt; Cllr R Smith; Cllr N Hards; Cllr J Hannaby; Lorna Baxter; Peter Clark; Ian Dyson, and Alan Witty (Ernst & Young).

Part meeting only: AWG15.03 Cllr R Rose; Jim Leivers; Sue Scane; Hannah Farncombe; Alexandra Bailey, and Mark Kemp; AWG15.04 Kate Terroni and Andrew Colling.

To Note:

A special meeting of the AWG was convened on Wednesday 10 June 2015, at 1:15pm, immediately before the Audit & Governance Committee. This meeting lasted 45 minutes, with only one item, the annual private session with the Chief Internal Auditor. The meeting was attended by all members of the committee. There were no matters for reporting; however, it was suggested that these sessions are held more frequently, so a second meeting will be planned in during 2015/16.

Matters to report from the meeting 11 June 2015:

There were six items considered at the meeting:

AWG 15.03 Internal Audit Report CEF Management Controls (Transport)

This audit was completed since the last Internal Audit progress report to the Audit & Governance Committee. The conclusion of the audit provided only limited assurance on the management controls in place so at the request of the Chairman of the Committee the AWG was asked to consider the report, and to obtain management response to the issues being raised.

The audit report highlighted weaknesses in the governance arrangements and system of internal control including, management information systems and communication between the two Directorates, CEF as the commissioners, and EE who manage the service provision.

The Group appreciated Senior Management attendance at the meeting and their explanations which helped give more context to the risk and complexity of the services being provided.

Management accepted the Internal Audit report, and the Group noted the immediate management response, using the audit report to prepare and initiate an action plan, with a project team established to ensure actions are effective and timely. The improvement project is being overseen by a governance group, which is chaired by Peter Clark and attended by Internal Audit. The majority of the actions are targeted for completion by the end of September 2015. The Group noted from management the commitment to get the systems and controls in place, and have asked for a report back to the Group at the October meeting.

AWG 15.04 Update on Residential and Home Support Payments

The Deputy Director provided an update and progress report on the issues raised following the internal audit of this area. The Group was content with the progress, noting that Internal Audit will be undertaking a follow up audit in 2015/16 that will provide the Committee with an independent view on the adequacy and effectiveness of the actions taken.

AWG 15.05 Fraud Benchmarking

The Audit Commission produced their second annual fraud benchmarking report. The report compares the level of fraud activity detected in Oxfordshire with other local authorities. The report shows that Oxfordshire has a much lower reported rate of fraud, across all the key fraud risk areas. It is inconclusive whether this is due to more effective controls, or the limited resource allocated to proactive fraud work. The Group noted that additional resource has been obtained for proactive fraud detection.

AWG 15.06 Draft Annual Governance Statement (AGS)

The Group reviewed the draft AGS, and commented on the wording of the actions planned for 2015/16, asking that they are more specific so that completion can be clearly evidenced. The Group did not like the use of the word "embedded" in the actions. Officers were advised to include a further action reflecting the outcome of the internal audit on CEF Management Controls (Transport), as reported above.

AWG 15.07 Whistleblowing Incidents 2014/15

The Group received and was content with the annual report on whistleblowing incidents. There were no matters to report.

AWG 15.08 Risk Management Report

The Group received and noted the latest risk management report. The Corporate risk register remains an outstanding action, which is being highlighted in the AGS.

The Committee is RECOMMENDED to note the report.

LORNA BAXTER

Chief Finance Officer

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WORK PROGRAMME 2015/16

03 September 2015 - 14:00 - 16:00 (Audit & Governance meeting 16 September 2015)

- Internal Audit Update - Ian Dyson
- C EX Risk Register - Eira Hale
- Oxfordshire Fire & Rescue Service Risk Register - Richard Smith
- Strategic Risk Register - Ian Dyson
- 2014/15 NFI Summary- Ian Dyson

15 October 2015 - 14:00 - 16:00 (Audit & Governance meeting 18 November 2015)

- Risk Management Update
- Directorate annual risk management review (CEF)
- Management Update - Transport (CEF/EE)

05 November 2015 - 14:00 - 16:00 (Audit & Governance meeting 13 January 2016)

- Internal Audit Update

09 December 2015 (WEDNESDAY) - 14:00 - 16:00 (Audit & Governance meeting 13 January 2016)

- Risk Management Update
- Directorate annual risk management review (EE)

Ian Dyson
Chief Internal Auditor