



**To: Members of the Audit & Governance Committee**

***Notice of a Meeting of the Audit & Governance  
Committee***

**Wednesday, 4 June 2025 at 1.00 pm**

**Room 2&3 - County Hall, New Road, Oxford OX1 1ND**

If you wish to view proceedings, please click on this [Live Stream Link](#)  
Please note, that will not allow you to participate in the meeting.

Martin Reeves  
Chief Executive

*Committee Officers:*      *Committee Services*  
*Email: [committees.democraticservices@oxfordshire.gov.uk](mailto:committees.democraticservices@oxfordshire.gov.uk)*

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**Membership**

Chair – Councillor Roz Smith  
Deputy Chair - Councillor John Shiri

*Councillors*

Batstone  
Crichton  
Ted Fenton

James Fry  
Hingley  
McLauchlan

Rawlins

*Co-optee*

Dr Geoff Jones

***Notes:***

- ***Date of next meeting: 16 July 2025***



## **AGENDA**

- 1. Apologies for Absence and Temporary Appointments**
- 2. Declaration of Interests - see guidance note**
- 3. Minutes (Pages 1 - 14)**

To approve the minutes of the meeting held on 12 March 2025 and 20 May 2025 and to receive information arising from them.

### **4. Petitions and Public Address**

Members of the public who wish to speak on an item on the agenda at this meeting, or present a petition, can attend the meeting in person or 'virtually' through an online connection.

Requests to present a petition must be submitted no later than 9am ten working days before the meeting.

Requests to speak must be submitted no later than 9am three working days before the meeting.

Requests should be submitted to [committeesdemocraticservices@oxfordshire.gov.uk](mailto:committeesdemocraticservices@oxfordshire.gov.uk)

If you are speaking 'virtually', you may submit a written statement of your presentation to ensure that if the technology fails, then your views can still be taken into account. A written copy of your statement can be provided no later than 9am on the day of the meeting. Written submissions should be no longer than 1 A4 sheet.

### **5. Update on Statement of Accounts 2024/25 (Pages 15 - 18)**

Report by the Executive Director of Resources and Section 151 Officer

This report provides two updates regarding the 2024/25 Statement of Accounts.

Enterprise Oxfordshire has been a council-controlled entity since 1 April 2024. However, because its financial activity has been assessed as not material the council's external auditor has advised that group accounts are not required for 2024/25.

As set out in the update on Local Audit reform elsewhere on the agenda the deadline for publishing the unaudited accounts for 2024/25 has been extended to 30 June 2025. Oxfordshire County Council anticipates meeting this deadline, with the public inspection period scheduled from 1 July to 12 August.

The Committee is RECOMMENDED to

- (a) Note the update on the accounting treatment for Enterprise Oxfordshire in the 2024/25 financial year.
- (b) Note the publication date of the Statement of Accounts for 2024/25 and the associated public inspection period.

## **6. Local Audit Reform: Audit Consultation Outcome (Pages 19 - 24)**

Report by the Executive Director of Resources and Section 151 Officer.

This report sets out an update on Local Audit Reform following the national consultation that ran from December 2024 to January 2025.

It also provides background to the issues that have impacted on the audit and opinion on the council's accounts from 2020/21 onwards and explains the on-going impact for the audit of the 2024/25 accounts and potentially future years.

The Committee is RECOMMENDED to

- (a) Note the update on Local Audit Reform and the establishment of a Local Audit Office.
- (b) Note the on-going backstop arrangements following the disclaimed opinions for the council's accounts for 2022/23 and 2023/24.

## **7. Oxfordshire Fire and Rescue Service 2024/2025 Annual Report (To Follow)**

## **8. Risk Management Update (Pages 25 - 30)**

Report by Lorna Baxter, Executive Director Resources and Section 151 Officer

This report sets out updates to Risk Management and an overview of the latest strategic risk register which contains the Council's most significant risks. The strategic risk register is proactively managed by the Senior Leadership Team and reported into the Strategic Leadership Board as part of the Council's Business Management and Monitoring Reports. These combined reports contain performance, risk, and finance progress updates against the delivery of the current strategic plan priorities.

The Committee is RECOMMENDED to note the Risk Management Update .

## **9. Chief Internal Auditor's Annual Report (Pages 31 - 64)**

Report by Chief Internal Auditor

This is the annual report of the Chief Internal Auditor, summarising the outcome of the Internal Audit work in 2024/25, and providing an opinion on the Council's System of Internal Control. The opinion is one of the sources of assurance for the Annual Governance Statement.

The basis for the opinion is set out in paragraphs 22 – 35, followed by the overall opinion for 2024/25 which is that there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

The Audit and Governance Committee is RECOMMENDED to consider and endorse this annual report.

## **10. Internal Audit Strategy & Plan 2025/26 (Pages 65 - 80)**

Report by Executive Director of Resources and Section 151 Officer

This report presents the Internal Audit Strategy and Internal Audit Plan for 2025/26. A separate plan for Counter-Fraud activity will be presented to this Committee in July 2025.

Appendix 2 sets out the annual Internal Audit plan for 2025/26.

The key focus of audit activity during the year includes:

- Financial Management
- Capital
- Major Programmes
- Contract Management
- Governance
- IT Security
- Service Strategic Risks

The Committee is RECOMMENDED to Comment and note the Internal Audit Strategy and Internal Audit Plan for 2025/26.

## **11. Internal Audit Charter 2025/26 (Pages 81 - 100)**

Report by Executive Director of Resources and Section 151 Officer

This report provides the Audit & Governance Committee with an update on the implementation of the new Global Internal Audit Standards in the UK Public Sector. It presents both the Internal Audit Charter and the Quality Assurance and Improvement Programme for 2026/26. These are subject to annual review.

The committee is RECOMMENDED to:

- a) Note the update on implementation of the Global Internal Audit Standards
- b) Approve the Internal Audit Charter for 2025/26
- c) Note the Quality Assurance and Improvement Programme.

## **12. Audit Working Group Update (Pages 101 - 104)**

Report by Executive Director of Resources and Section 151 Officer



The Audit Working Group (AWG) met on 26 March 2025. The group received an update on the implementation of management actions arising from the audit of Strategic Contract Management which was undertaken in 2024/25. The group also received an update from the Counter Fraud Team, on current and recently completed cases and on the development of the counter fraud risk register.

The Committee is RECOMMENDED to note the report.

### **13. Annual Governance Statement - 2024/25 (Pages 105 - 156)**

Report by Director of Law & Governance and Monitoring Officer

The Audit & Governance Committee has the responsibility of approving the Council's Annual Governance Statement (AGS) each year.

Local authorities are required to prepare an AGS to be transparent about their compliance with good governance principles. This includes reporting on how they have monitored and evaluated the effectiveness of their governance arrangements in the previous year and setting out any planned changes in the coming period.

The Audit & Governance Committee is RECOMMENDED to approve the Annual Governance Statement 2024/25, subject to the Monitoring Officer making any necessary amendments in the light of comments made by the Committee, after consultation with the Leader of the Council, the Chief Executive, and the Section 151 officer.

### **14. Ernst & Young Update (Pages 157 - 274)**

The items to be discussed:

1. Oxfordshire County Council Provisional Audit Planning Report Year Ending 31 March 2025 (E&Y)
2. Oxfordshire Pension Fund Provisional Audit Planning Report Year Ending 31 March 2025 (E&Y)
3. Oxfordshire County Council Auditors Annual Report Year Ending 31 March 2024 (E&Y)

### **15. Audit & Governance Committee Work Programme (Pages 275 - 276)**

The Audit and Governance Committee to note, comment and agree the work programme for future meetings.

### **16. Date of Next Meeting**

Committee to note that the date of the next meeting is 16 July 2025.

**Close of meeting**

## **Councillors declaring interests**

### **General duty**

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed 'Declarations of Interest' or as soon as it becomes apparent to you.

### **What is a disclosable pecuniary interest?**

Disclosable pecuniary interests relate to your employment; sponsorship (i.e. payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

### **Declaring an interest**

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest. If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

### **Members' Code of Conduct and public perception**

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member 'must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself' and that 'you must not place yourself in situations where your honesty and integrity may be questioned'.

### **Members Code – Other registrable interests**

Where a matter arises at a meeting which directly relates to the financial interest or wellbeing of one of your other registerable interests then you must declare an interest. You must not participate in discussion or voting on the item and you must withdraw from the meeting whilst the matter is discussed.

Wellbeing can be described as a condition of contentedness, healthiness and happiness; anything that could be said to affect a person's quality of life, either positively or negatively, is likely to affect their wellbeing.

Other registrable interests include:

- a) Any unpaid directorships

- b) Any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority.
- c) Any body (i) exercising functions of a public nature (ii) directed to charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

### **Members Code – Non-registrable interests**

Where a matter arises at a meeting which directly relates to your financial interest or wellbeing (and does not fall under disclosable pecuniary interests), or the financial interest or wellbeing of a relative or close associate, you must declare the interest.

Where a matter arises at a meeting which affects your own financial interest or wellbeing, a financial interest or wellbeing of a relative or close associate or a financial interest or wellbeing of a body included under other registrable interests, then you must declare the interest.

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied:

Where a matter affects the financial interest or well-being:

- a) to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest.

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

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# Agenda Item 3

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 12 March 2025 commencing at 1.00 pm and finishing at 3.40 pm

### Present:

**Voting Members:** Councillor Ted Fenton – in the Chair  
Councillor Roz Smith (Deputy Chair)  
Councillor Yvonne Constance OBE  
Councillor Jenny Hannaby  
Councillor Bob Johnston  
Councillor Ian Middleton  
Councillor Glynis Phillips  
Dr Geoff Jones

### Officers:

Whole of meeting Anita Bradley (Director of Law and Governance and Monitoring Officer), Sarah Cox (Chief Internal Auditor), Tim Chapple (Treasury Manager), Ella Stevens (Deputy Chief Accountant), Colm O'Caomhanaigh (Democratic Services Manager) and Shilpa Manek (Democratic Services Officer)

Simon Mathers (Ernst and Young)

*The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting.*

### 16/25 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies for absence were received from Councillors Hicks, Leverton and Levy. Apologies were also received from Lorna Baxter.

### 17/25 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

No declarations of interests had been received.

### 18/25 MINUTES

(Agenda No. 3)

**Resolved:** that the minutes of the meeting held on 15 January 2025 were agreed as an accurate record and signed by the Chair, subject to the actions being resolved by the next meeting.

## **19/25 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

There were none received.

## **20/25 TREASURY MANAGEMENT Q3 PERFORMANCE REPORT 2024/25**

(Agenda No. 5)

The report was presented to the Committee by the Treasury Manager. The Committee was given the following information:

- The report was for the third quarter of the financial year 2024/25 and set out the position at 31 December 2024.
- Throughout the report, the performance for three quarters of the year to December 2024 was measured against the budget agreed by Council in February 2024.
- As at 31 December 2024, the Council's outstanding debt totalled £271m and the average rate of interest paid on long-term debt during the year was 4.41%. the Council launched a 'green bond' in December 2024 aiming to raise £0.5m. No other external borrowing was raised during the quarter, whilst £3m of maturing Public Works Loan Board (PWLB) and £5m of Lender's Option/Borrower's Option (LOBO) loans were repaid. The cumulative amount of PWLB and LOBO loans repaid during 2024/25 was £3m and £10m respectively.
- The Treasury Management Strategy for 2024/25 agreed in February 2024 assumed an average base rate of 4.75%.
- The average daily balance of temporary surplus cash invested in-house was expected to be £463m in 2024/25, with an average in-house return on new and existing deposits of 4.25%.
- During the nine months to 31 December 2024, the Council achieved an average in-house return of 4.74% on average cash balances of £455.652m, producing gross interest receivable of £17.404m. in relation to external funds, the return for the nine months was £2867m, bringing total investment income to £20.372m. this compared to the budgeted investment income of £14.156m, giving a net overachievement of £6.256m.
- At 31 December 2024, the Council's investment portfolio totalled £503.390m, this comprised of £390.000m of fixed term deposits, £14.924m at short term notice in money market funds and £98.465m in pooled funds with a variable net asset value.
- Temporary surplus cash balances included developer contributions, Council reserves and balances and various other funds to which the Council paid interest at each financial year end. The budgeted annual return on these in-house balances for 2024/25 was 4.25% and assumed an average annual in-house cash balance of £361.622m.
- The actual average daily balance of temporary surplus cash invested in-house was £472.306m for the first three quarters of 2024/25 and the average in-house return was 4.74%, producing gross interest receivable of £17.404m. Gross distributions from pooled funds totalling £2.967m were also realised in the three quarters, bringing total investment income to £20.372m. this

compared to the budgeted investment income of £14.116m, giving a net overachievement of £6.256m. this reflected a combination of higher than forecast average cash balances, and higher than forecast interest rates.

- Cash balances for the year were forecasted to be lower than they otherwise would have been as a result of negative Dedicated Schools Grant (DSG) balances relating to High Needs. The negative DSG balance by the end of 2024/25 was forecast to be £84.20m. This would have an estimated opportunity cost of £3.49m in unearned interest during 2024/25.
- The council operates a number of instant access call accounts and money market funds to deposit short-term cash surpluses. During the first three quarters of 2024/25 the average balance held on instant access was £82.633m, at an average rate of 4.98%.
- At 31 December 2024 the total value of pooled fund investments was £98.465m. This has decreased from the last reported value of £98.861m at 30 September 2024.
- At 31 December 2024, the council's investment portfolio totalled 503.390m. This comprised £390.000m of fixed term deposits, £14.924m at short term notice in money market funds and £98.465m in pooled funds with a variable net asset value.

Members made the following points:

- The investments were slightly below the purchase price so good to hold on to these.
- The Green Bond was a great idea, was there an update? There would be a full report to the next meeting, but the target had been met very quickly with full uptake. This could be extended but needed to be sure that there were enough schemes in the horizon.

**Resolved: that the Committee noted the council's treasury management activity at the end of the third quarter of 2024/25.**

## **21/25 CHANGES TO CONSTITUTION OF PENSION FUND COMMITTEE**

(Agenda No. 6)

The Governance and Communications Manager presented the report to the Committee on the changes to the mandatory training requirement of the Pension Fund Committee Members. The proposal suggested was that all Pension Fund Committee Members were required to, in their first year and normally no later than the 31<sup>st</sup> December, attend an induction on the Oxfordshire Pension Funds Policies prior to attendance of a Committee meeting, and either the 3-day LGA Fundamentals Course or the 5 Core and 4DB online modules of the Pension Regulators Trustee Toolkit, in year subsequent year, all pre-Committee training and a minimum of 2 days' additional training. And complete the annual Knowledge Assessment exercise run by Hymans Robertson and maintain a score on the Knowledge and Assessment exercise consistent with their responsibilities as a serving member of the Pension Fund Committee or Pension Board as appropriate. Only named substitutes of the Committee were allowed where they had completed an induction on the Oxfordshire Pension Funds Policies.

The Committee agreed with the Officer that the training was essential and required.

**Resolved: that the Committee unanimously approved the changes to the mandatory training requirement of the Pension Fund Committee Members.**

## **22/25 REPORT OF THE CONSTITUTION WORKING GROUP**

(Agenda No. 7)

The Chair introduced the item advising the Committee that the changes were for approval or not. All changes had been discussed in detail at the Working Group where there had been a good representation.

The Monitoring Officer highlighted that some of the changes and informed the Committee of the process undertaken to reach the changes suggested in the report.

The Committee were informed of the following points:

- The Members allowance had been included in the recommendations to Council to approve so the scheme could not be changed.
- The changes were mainly to highlight the changing items and to make points clearer and to modernise the language.
- There were some additional changes that had been highlighted since the Working Group meeting, and these would also need to be considered.
- The Terms of Reference changes were changes to personal to the Health and Wellbeing Board and these would be taken straight to Full Council since they were only technical changes. The Committee were asked to take into consideration only.
- Members were reminded of the Addenda published on the scheme of delegation, Part 7.2, that included, where the Director of Law and Governance and Monitoring Officer was authorised to take any action to implement any decision taken by or on behalf of the Council, including the signature and service of statutory and other notices and any document; and authority to apply the Common Seal of the County Council to deeds in order to execute them.
- The Committee were also reminded of the recommendation from the Health Overview and Scrutiny Committee, that they preferred to have greater flexibility to allow more experienced Members to hold the role of Deputy Chair and would therefore prefer to remain with the status quo that the Deputy was elected by the Chair.

Members of the Committee made the following comments that were responded to by Officers:

- The suggestion to reduce the speaking time for outside speaker to three minutes was very little time. The change added clarity to outside speakers upfront knowing that they only had three minutes, so to only prepare for that.
- The Call-in decision process, it was suggested that the public could put forward an idea which the Committee could discuss and decide upon and brought to a future meeting if agreed. If it was agreed that the decision would lie with the Monitoring Officer, then a report would be brought back to the next meeting, for transparency. [ACTION](#)



- It was suggested that social benefits be added to the procedure rules, explicitly. This would be considered of where it could be added, possibly as part of social value in Paragraph 8.2. **ACTION**
- Where it read, 'official opposition have the right to speak to Council', to add 'and other Members of the Opposition at the Chair's discretion for three minutes'.
- Opposition Members to be able to request a briefing to ask questions of Officers.
- The effective communication with Councillors was a good paragraph that needed to be communicated to all Officers that Members needed all the appropriate information. The Officer core to be given training and education. **ACTION**
- Could Members attend Council remotely? Members could only vote if they were present at a meeting. This had been debated at length by the Working Group.
- It was that there was one motion per Member, now it was one motion per Political Group, this was very limiting. This was discussed in detail and it was the Monitoring Officer's responsibility to keep under review and update if required. It would be reviewed again after six months.
- The Constitution needed to be more visible on the website and be searchable globally to include areas within the Constitution. The Constitution would soon be available as a single document so would be fully searchable.
- Signatories for petitions had been increased from 10 to 100 signatories; this was a very big change especially if the area for petition had less than 100 residents. Research had been completed across other authorities. Members of the Working Group reflected on the research and felt that 10 was too few and 100, compared to other authorities was better. This was the majority view at the Working Group.
- The livestream of meetings was only retained for six months, could this be increased? The decision made on this was six months, but the Monitoring Officer would go look into this. **ACTION**
- It was a large epic piece of work to move forward with.
- The authorisation of proposals contract was being changed to have one signature for up to £200k. This had been based on a risk assessment by the Section 151 Officer and the value of business carried out reflected in accountability. The 25k was putting restraints to the organisation. There was further detail in the report at page 166.
- The Monitoring Officer confirmed afterwards (on the question raised by Cllr Phillips) that the Council meeting rules for public speakers also apply to scrutiny meetings (Part 6.2, Section 18).

The Monitoring Officer commented that the review of the Constitution would be ongoing and constant so these could be considered as part of the next review.

A proposal was put forward to take all the recommendations forward and consider again in six months. This was seconded. Members requested that the comments from the Committee be added as part of the report to Full Council, especially since the Monitoring Officer had accepted one of them.

The number of signatories for a petition was discussed again by the Committee as they felt that 100 was too many. After a lengthy debate, the Committee unanimously agreed to reduce to 50 signatories from 100.

**Resolved:**

**to RECOMMEND to Council**

- (a) to approve amendments listed in Annex 1 to the following Parts of the Council's Constitution:
  - (i) Part 1.2 How Oxfordshire County Council Operates;
  - (ii) Part 1.3 Decision Making;
  - (iii) Part 3.1 Council Procedure Rules;
  - (iv) Part 3.1A Virtual Meeting Procedure Rules (delete);
  - (v) Part 3.3 Virement Rules;
  - (vi) Part 4.2 Cabinet Procedure Rules;
  - (vii) Part 4.4 Delegated Decisions by Individual Cabinet Members;
  - (viii) Part 4.6 Transport Advisory Panel (delete);
  - (ix) Part 5.1A Regulatory and Other Committees;
  - (x) Part 5.1B Health and Wellbeing Board;
  - (xi) Part 6.1A Overview and Scrutiny Committees;
  - (xii) Part 6.1B Oxfordshire Joint Health Overview and Scrutiny Committee;
  - (xiii) Part 6.1C Buckinghamshire, Oxfordshire, Berkshire West Joint Health Overview and Scrutiny Committee Terms of Reference (new Part);
  - (xiv) Part 6.2 Overview and Scrutiny Committee Procedure Rules;
  - (xv) Part 6.3 Protocol on Scrutiny Participation (delete);
  - (xvi) Part 7.2 Scheme of Delegation to Officers;
  - (xvii) Part 8.3 Contract Procedure Rules;
  - (xviii) Part 9.2 Protocol on Councillors' Rights and Responsibilities;
  - (xix) Part 9.4 Policy on IT Use by Members of the County Council (delete);
  - (xx) Part 9.6 Protocol on Member-Officer Relations;
  - (xxi) Part 10.1 Members' Allowances;
  - (xxii) correct erroneous references and update titles where they have changed;

subject to the following changes:

- I. In Part 3.1 Section 10.1.1 (iii) "minimum number of 50 people" instead of 100 (for a petition);
- II. In Part 6.1B, withdrawing the proposed amendment to Section 8 on the position of Deputy Chair;
- III. In Part 6.2, Section 19 (o) append "If the Call-in request is deemed invalid, the assessment will be reported by the Director of Law and Governance and Monitoring Officer to the next meeting of the relevant Scrutiny Committee."

- IV. In Part 8.3, Section 8.1 add the text in bold: “In determining the relevant evaluation criteria for any procurement, Authorised Officers, in consultation with their Relevant Procurement Team, must consider all factors relevant to their requirement, including environmental and social considerations, **including social value benefit where appropriate**, so far as this is lawful.”
- (b) to delegate to the Director of Law & Governance and Monitoring Officer the ability to make any necessary additional changes to the Constitution to amend any inconsistencies arising from these proposed changes and where any existing drafting in the Constitution is inconsistent with the changes set out in this report and approved by Council.
  - (c) to delegate to the Director of Law & Governance and Monitoring Officer the ability to update Part 10.1 Members’ Allowances annually in line with any requirement under the Scheme of Allowances to apply indexation to Members’ Allowances.
  - (d) to amend Part 7.2, Scheme of Delegations to Officers, Section 6.4 (a) to include the following subsections:
    - i. The Director of Law and Governance and Monitoring Officer will be responsible for the safe-keeping and secure administration of the Common Seal of the Council.
    - ii. The Common Seal of the Council may be affixed either by physical means or by such electronic means as the Director of Law and Governance and Monitoring Officer may from time to time authorise. References in this Rule and elsewhere in the Constitution to the Common Seal (or the Seal) of the Council and to the sealing of documents shall be taken to refer to the official seal and any accompanying attesting signatures as being affixed either by physical means, or by the electronic means provided for in this Rule.
    - iii. The Director of Law and Governance and Monitoring Officer or other person authorised by them may authenticate any document that may be required for legal proceedings.

## 23/25 ACCOUNTING POLICIES

(Agenda No. 8)

The Committee received a report from the Deputy Chief Accountant. The report was setting out the approach taken for the preparation of the 2024/25 Statement of Accounts including the proposed timetable for the publication and public inspection, the changes to the de minimis levels for capitalisation, the charges to the Chartered Institute for Public Finances and Accountancy 2024/25 Code of Practice on Local

Authority Accounting in the UK for 2024/25 and the approved significant Accounting Policies which described how the Council had interpreted and applied the Code and formed the basis of preparation of the accounts.

The following comments were made by the Committee:

- How were the rising land values taken into account? All valuations were carried out every three years.
- Had the risks with respect to trade affecting the stock market been accounted for in the Strategic Risk Register? This had not been accounted for on risks for accounting policies but would be added to the overall Risk Register.

The Committee were informed that land never depreciated. The commercial property and investment property were held at fair value. With investment property being revalued every year.

**Resolved: that the Committee unanimously endorsed the proposed timetable to produce the draft Statement of Accounts for 2024/25. The Committee considered and approved the change in the de minimis level for capitalisation and ratified the accounting policies including new changes for 2024/25 as approved by the Executive Director of Resources and Section 151 Officer.**

## **24/25 COUNTER FRAUD UPDATE**

(Agenda No. 9)

The Chief Internal Auditor reported a summary of activity against the Counter Fraud Plan for 2024/25, that had been presented to the July 2024 Audit and Governance Committee.

The main points highlighted included:

- Further detail would be provided at the Audit Working Group meeting on the cases.
- The Crown Prosecution Service had confirmed that three charges would be made against the School Business Manager, two for fraud by abuse of position and one for theft. The date of sentencing was being awaited. The amount lost from the forged cheques had been refunded to the Council by the relevant bank. This had been an excellent example of both the Counter Fraud Team and the Internal Audit Team working together.
- The Counter Fraud Team continued to conduct on-street blue badge enforcement exercises in 2024/25 with two exercises completed in May and June 2024 and a further two completed in January 2025.
- The 2024/25 National Fraud initiative exercise had commenced in October 2024, with the extraction and upload of 7 datasets across 5 areas of the Council. The upload had been successfully completed, and the matches became available in January 2025. A plan for the review of the matches was underway.

Members were very content with the detail in the report. Further information was given on the blue badge exercises, the National Fraud Initiative and the controls in place.

**Resolved: that the Committee noted the summary of activity against the Counter Fraud Plan for 2024/25.**

## **25/25 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT TO COUNCIL**

(Agenda No. 10)

The report was presented by the Chief Internal Auditor. A draft report of the activities of the Committee for the financial year 2024/25 had been prepared. The final report would be produced for the Chair of the Committee to present to Council.

The Chief Internal Auditor reported that the report would be amended to take out the item on fiducial responsibilities as this had not been considered by the Committee.

**Resolved: that the Committee reviewed the draft report, agreed to the amendment and agreed the report was finalised for presentation to Council by the Chair of the Audit and Governance Committee.**

## **26/25 INTERNAL AUDIT PROGRESS REPORT**

(Agenda No. 11)

The Chief Internal Audit presented the report to the Committee. The report provided an update on the Internal Audit Service, including resources, completed and planned audits. The report included the executive summaries from the individual internal audit reports finalised since the last report to the January 2025 Committee. It was reported that since the last update, there had been no red reports issued.

It was reported that as a result of one long-term sickness in the Team, this had impacted the delivery hence the work had been reprioritised. The Committee were informed that approval had been given to recruit a Principal Auditor, and work was being carried out with HR.

Six audits had been completed since January 2025 and there had been no overall red reports. This was a good position. The remaining audits would be presented at the June meeting.

**Resolved: that the Committee noted the progress with the 2024/25 Internal Audit Plan and the outcome of the completed audits.**

## **27/25 POLICY ON COUNCILLOR TRAINING AND DEVELOPMENT**

(Agenda No. 12)

The Committee received a report from the Director of Law and Governance and Monitoring Officer on a policy to set out the purpose, principles and expectations of Councillor induction, training and development. The Committee were asked to adopt the policy and re- consider the policy at the next meeting following consultation with the Member Reference Group on the categorisation of training.

The Committee were informed that if there was a national change, this would need to be amended as a certain amount of training would be compulsory, as a set of principles.

Members welcomed the recommendations and asked about sanctions if there was non-compliance. It was commented that Group discipline would be taken in the first instance. If the training had not been completed, the Councillor would not be able to sit on the Committee.

There would be a range of flexible ways offered to complete the training. There would be sufficient time between the election and the first meeting, which was Planning and Regulation Committee. Memberships of Committees needed to be considered, and if training had not been completed, the meeting would need to be postponed.

The Member Reference Group would look at the recommendations in more detail.

Suggestions from Members included that the buddying arrangements were supported, and Group buddying would be beneficial too. It would be useful to see role play in the induction training sessions and the basics such as the layout of the Chamber, the use of microphones and the processes of Committees and Council. The Committee were informed that neurodiversity had also been captured.

**Resolved: that the Committee reviewed the Policy on Councillor training and development and agreed to consider again at the next meeting following consultation with the Member Reference Group.**

## **28/25 OXFORDSHIRE CODE OF CORPORATE GOVERNANCE**

(Agenda No. 13)

It was reported that the Code of Corporate Governance had been reviewed and refreshed. The old references had been removed, and the terminology had been changed after the restructure and recent peer review. It had been updated and strengthened to reflect the current practices of Council.

**Resolved; that the Committee approved the Oxfordshire Code of Corporate Governance.**

## **29/25 ERNST & YOUNG UPDATE**

(Agenda No. 14)

The External Auditor reported the following points:

- The audit opinions had been issued on 10 February 2025, well ahead of the backstop date.
- The audit results report had been updated and circulated to Members on 10 February 2025.
- The Auditors Annual Report would be ready in due course.

For 2024/25, the following was reported:

- Planning procedures had started for pensions and the audit plans would be presented at the next Committee.
- The work had been completed earlier than the backstop date.
- This work would all be completed by the end of the financial year.

**Resolved: that the Committee noted the update from Ernst and Young.**

### **30/25 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME**

(Agenda No. 15)

**Resolved: that the Committee noted the Work Programme and agreed to add an item for Accounts and the Oxfordshire Fire and Rescue Annual Report to the June 2025 meeting agenda. ACTION**

..... in the Chair

Date of signing .....

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## **AUDIT & GOVERNANCE COMMITTEE**

**MINUTES** of the meeting held on Tuesday, 20 May 2025 commencing at 12.00 pm and finishing at 12.02 pm

**Present:**

**Voting Members:**

Councillor Ron Batstone  
Councillor Andrew Crichton  
Councillor Ted Fenton  
Councillor James Fry  
Councillor David Hingley  
Councillor Gavin McLauchlan  
Councillor Leigh Rawlins  
Councillor John Shiri  
Councillor Roz Smith

**Officers:** Anita Bradley

### **31/25 ELECTION OF CHAIR FOR THE 2025/26 COUNCIL YEAR**

(Agenda No. 1)

Councillor Smith was nominated by Councillor Rawlins and seconded by Councillor Hingley. There were no other nominations.

Councillor Smith was deemed elected Chair of the Committee for the 2025/26 Council Year.

### **32/25 ELECTION OF DEPUTY CHAIR FOR THE 2025/26 COUNCIL YEAR**

(Agenda No. 2)

Councillor Shiri was nominated by Councillor Smith and seconded by Councillor Batstone. There were no other nominations. Councillor Shiri was deemed elected Deputy Chair of the Committee for the 2025/26 Council Year."

### **33/25 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 3)

There was no apologies received.

..... in the Chair

Date of signing .....



## **Divisions Affected - All**

### **AUDIT & GOVERNANCE COMMITTEE**

**4 June 2025**

### **Update on the council's Statement of Accounts 2024/25**

#### **Report by the Executive Director of Resources and Section 151 Officer**

### **RECOMMENDATION**

1. **The Committee is RECOMMENDED to**
  - (a) Note the update on the accounting treatment for Enterprise Oxfordshire in the 2024/25 financial year.
  - (b) Note the publication date of the Statement of Accounts for 2024/25 and the associated public inspection period.

### **Executive Summary**

2. This report provides two updates regarding the 2024/25 Statement of Accounts.
  - i. Enterprise Oxfordshire has been a council-controlled entity since 1 April 2024. However, because its financial activity has been assessed as not material the council's external auditor has advised that group accounts are not required for 2024/25.
  - ii. As set out in the update on Local Audit reform elsewhere on the agenda the deadline for publishing the unaudited accounts for 2024/25 has been extended to 30 June 2025. Oxfordshire County Council anticipates meeting this deadline, with the public inspection period scheduled from 1 July to 12 August.

### **Enterprise Oxfordshire Group Accounting Change**

3. On 1 April 2024, Enterprise Oxfordshire—formerly operating as the Oxfordshire Local Enterprise Partnership (OxLEP)—was incorporated as a company limited by guarantee, with Oxfordshire County Council as its sole member. As a result, the Council obtained a controlling interest in the entity. In accordance with the CIPFA Code of Practice on Local Authority Accounting,

this change in governance structure necessitates consideration of group accounting requirements for the 2024/25 financial year.

4. However, following an assessment of Enterprise Oxfordshire's financial activity during 2024/25, it has been determined that its operations fall below the Council's materiality threshold for group consolidation. Consequently, Oxfordshire County Council is not required to prepare group accounts for the financial year 2024/25 and will continue to report on a single-entity basis for this period.

## **Statement of Account 2024/25**

5. In accordance with the Accounts and Audit Regulations 2015, local authorities are ordinarily required to publish their unaudited Statement of Accounts by 31 May each year. In recognition of the ongoing challenges associated with the local audit backlog, the Department for Levelling Up, Housing and Communities (DLUHC) has confirmed that the statutory deadline for the publication of the 2024/25 accounts has been extended to 30 June 2025. This extension forms part of a broader set of measures designed to reset the local audit system and support timely financial reporting across the sector.
6. Oxfordshire County Council is well-positioned to meet this revised deadline and remains committed to upholding transparency and accountability in its financial reporting.
7. Following publication, the Council is required to provide a 30-working-day period during which members of the public may inspect the accounts, in accordance with statutory requirements. For the 2024/25 Statement of Accounts, this inspection period will commence on 1 July and conclude on 12 August 2025.
8. Although it will not be possible to present the 2024/25 Statement of Accounts to this committee prior to the statutory deadline—and in the absence of a scheduled committee meeting before 30 June 2025 - the completed accounts will be shared with committee members once finalised. This approach ensures that members remain fully informed and have the opportunity to review the accounts in a timely manner.

## **Financial Implications**

9. There are no financial implications arising directly from the report.

Comments checked by:

Kathy Wilcox, Head of Corporate Finance  
kathy.wilcox@oxfordshire.gov.uk

## Legal Implications

10. There are no legal implications arising directly from the measures set out in the report. However, the Council will need to ensure that arrangements are put in place to comply with any amendments to the Local Audit and Accountability Act 2014, Accounts and Audit Regulations 2015 and statutory guidance, including the Code of Practice on Local Authority Accounting in England and Wales.

Comments checked by:

LORNA BAXTER

Executive Director of Resources and Section 151 Officer

Background papers: Nil

Contact Officer: Ella Stevens, Deputy Chief Accountant  
[Ella.Stevens@oxfordshire.gov.uk](mailto:Ella.Stevens@oxfordshire.gov.uk)

May 2025

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## **Divisions Affected - All**

### **AUDIT & GOVERNANCE COMMITTEE**

**4 June 2025**

#### **Local Audit Reform: Audit Consultation Outcome**

#### **Report by the Executive Director of Resources and Section 151 Officer**

### **RECOMMENDATION**

1. **The Committee is RECOMMENDED to**
  - (a) Note the update on Local Audit Reform and the establishment of a Local Audit Office.
  - (b) Note the on-going backstop arrangements following the disclaimed opinions for the council's accounts for 2022/23 and 2023/24.

### **Executive Summary**

2. This report sets out an update on Local Audit Reform following the national consultation that ran from December 2024 to January 2025.
3. It also provides background to the issues that have impacted on the audit and opinion on the council's accounts from 2020/21 onwards and explains the on-going impact for the audit of the 2024/25 accounts and potentially future years.

### **Background: Addressing the local audit backlog in England**

4. Nationally there were 918 outstanding unaudited accounts in September 2023. The Whole of Government Accounts for financial year 2022/23 was subsequently disclaimed in autumn 2024 – primarily due to a lack of audit assurance on local government accounts.
5. In early February 2024 Department for Levelling Up, Housing and Communities issued a [consultation](#) with the aim of clearing the backlog of local audits in England. The consultation sought views on amending the Accounts and Audit Regulations 2015 as part of a package of cross-system measures to clear the backlog and put the system on a sustainable footing for the future.

6. [Secondary legislation](#) has subsequently been put in place to amend the Accounts and Audit Regulations (2015) to set a series of backstop dates for audits to be completed.
7. The first backstop date, 28 February 2025, cleared the backlog of unaudited accounts up to and including 2022/23. Where auditors were unable to complete audits, they issued a 'disclaimed' or 'modified' audit opinion.
8. The legislation includes further backstop dates up to and including financial year 2027/28 to allow full assurance to be rebuilt over several audit cycles. The remaining backstop dates are:
  - Financial year 2024/25: 27 February 2026
  - Financial year 2025/26: 31 January 2027
  - Financial year 2026/27: 30 November 2027
  - Financial year 2027/28: 30 November 2028
9. While the expectation is that there will be modified and disclaimed opinions, auditors' other statutory duties – including to report on Value for Money (VfM) arrangements, to make statutory recommendations and issue Public Interest Reports – remain a high priority.
10. The Government set out that local bodies should not be unfairly judged based on disclaimed or modified opinions, caused by the introduction of backstop dates that are largely beyond their control.

### **Background: Publication and Audit of the council's Statement of Accounts for 2020/21, 2021/22, 2022/23 and 2023/24**

11. The audit of the council's accounts for 2020/21 and 2021/22 was initially impacted both by the COVID-19 pandemic and by a technical accounting issue which arose nationally relating to the valuation of infrastructure assets such as highways and bridges, which are used to deliver services but cannot be sold.
12. In November 2022 the Department of Levelling Up, Housing & Communities (DLUHC) introduced a statutory override to set out accounting practices with respect to accounting for infrastructure assets and to help address ongoing delays in the completion of financial audits. The council subsequently received audit opinions on the 2020/21 and 2021/22 accounts on 25 September 2023 and 25 January 2024, respectively.
13. The unaudited Statement of Accounts for 2022/23 was published on the council's website for public inspection on 23 January 2024.
14. While the council's auditors, Ernst & Young LLP, did not complete detailed testing of the financial statements for 2022/23 they requested updates on key areas to ensure that they were sighted on developments and to form a view on aspects that they report on. A [disclaimed opinion and completion report](#) was



shared with Audit & Governance Committee on 27 November 2024 ahead of the 2022/23 backstop date of 13 December 2024.

15. The unaudited 2023/24 Statement of Accounts was published on the council's website on 28 June 2024 and a full audit of the accounts, including a substantial amount of transactional sampling, took place from July 2024 onwards with completion in early 2025. The draft audit letter was issued by Ernst & Young LLP on 10 February 2025 ahead of the 2023/24 backstop date of 28 February 2025.
16. The [Audit Completion Report](#) for 2023/24 notes that while Ernst & Young LLP commenced work to rebuild assurance ahead of the backstop date there was insufficient evidence to enable them to have reasonable assurance over all closing balances. As a result of the 2022/23 disclaimed audit report, they did not have assurance over the brought forward balances from that year (the opening balances for 2023/24). This means they did not have assurance over 2023/24 in-year movements and some closing balances. They also did not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements.
17. Taken together with the requirement to conclude their audit work by the 2023/24 backstop date, the lack of evidence over these movements and balances, meant they were unable to conclude that the 2023/24 financial statements were free from material and pervasive misstatements. They therefore issued a further disclaimed audit opinion for 2023/24.

## **Audit of the Statement of Accounts for 2024/25 and 2025/26**

18. The 2024/25 statement of accounts is required to be published by 30 June 2025 and the audit needs to be completed by the backstop of 27 February 2026.
19. At this stage it is unclear what approach will be taken regarding the on-going impact of unaudited balances brought forward from 2022/23. There is also a linked issue in 2025/26 related to the three yearly asset valuation cycle. For the 2025/26 Statement of Accounts, the last valuation would have been conducted in 2022/23. Therefore, the opening audit valuation for 2025/26 will be based on the valuations in 2022/23 which were not fully audited.
20. Because of this it is anticipated that the council may receive further modified or disclaimed opinions.

## **Local Audit Reform**

21. On 18 December 2024, the government published a statement of intent and consultation on proposals to overhaul the current local audit system in England. The strategy set out a local audit vision based on eight core principles and a commitment to establish a statutory and independent Local Audit Office (LAO). This intention is that this will stop fragmentation in the system by co-ordinating functions previously spread across different

organisations including the Public Sector Audit Appointments Ltd, the National Audit Office and the Financial Reporting Council.

22. The consultation closed on 29 January 2025, with over 200 responses received from a range of organisations including local authorities, auditors, sector bodies, and professional organisations.
23. On [9 April 2025](#) the Government announced 16 new commitments to overhaul local audit in response to the consultation including the establishment of a Local Audit Office as a statutory and independent body, simplifying financial reporting requirements and increasing capacity to avoid reliance on a small number of auditors.
24. The role of the Local Audit Office will be set out in legislation through statutory objectives which will seek to ensure that the local audit system operates effectively and promotes high quality, proportionate local audit.
25. The eight core principles underpinning local audit and the operation of the Local Audit Office (LAO) will be:
  - **Value for money.** A system that provides confidence that bodies and the new Local Audit Office have arrangements in place to deliver value for money for taxpayers.
  - **Transparency** of the sector's financial health and value for money arrangements.
  - **Capacity and capability.** A sustainable and resilient market with access to the right expertise and with sufficient capacity to serve all eligible bodies.
  - **External scrutiny** to independently identify issues, challenge and drive improvement
  - **Professionalism.** Building a sector attractive to auditors to build careers and become future audit leaders.
  - **Proportionality.** Local audit that is proportionate and relevant, from regulations to governance.
  - **Stronger accountability.** Scrutiny and reporting of issues and high standards of financial reporting to promote public accountability.
  - **Timely.** High quality accounts audited and published on time to ensure relevance and increase value to the public, including timely reporting of issues.
26. The intention is that the LAO will streamline and simplify the local audit system and will take on the appointment and contracting of auditors for local authorities. The LAO will also adopt ownership of the Code of Audit Practice and associated guidance from the NAO and deliver relevant training. It will have powers to interpret and apply ISA requirements for the local audit context. The LAO will also hold responsibility for quality oversight of local audit, including overseeing an inspection programme, enforcement and

appropriate elements of supervision. It will publish national insight reports on local audit health, which could include emerging trends, quality, market sustainability, value for money arrangements and statutory recommendations and Public Interest Reports. It will also oversee professional bodies with regard to their remit for the registration, eligibility, and conduct of local auditors.

27. To strengthen early warning, auditors will be required to escalate significant issues, with the knowledge of the relevant council, to both the LAO and relevant Secretary of State. The LAO will be required to share issues with audit firms, government departments and inspectorates. The LAO will produce and publish guidance for the management of issues, including escalation to the LAO and sharing with other organisations, to encourage consistency and transparency, and to mitigate risks raised by stakeholders.
28. The Government has also committed to removing Key Audit Partner criteria requirements and building public provision of audit services.
29. The reforms outlined in the strategy and Government response will be backed by up to £49 million of non – ringfenced grant funding to cover the net additional cost of the backlog clearance provisions in 2024/25 and 2025/26 for those bodies that received disclaimed audit opinions. Releasing funds to councils will be reliant on compliance with statutory backstops and linked to the publication of audited accounts and audit fees being paid.
30. The intention is that this funding will support councils in clearing their backlogs and will enable local bodies to meet the additional costs of fully restoring audit assurance within five years, and sooner for many bodies. In addition to this, a further £15m of grant was paid to 537 eligible local bodies in March 2025 as part of an existing package to help meet the wider costs of meeting audit requirements and fees. This funding, which covered increased audit fee expenditure for 2024/25, was distributed proportionally in line with Public Sector Audit Appointment fee scales. The council received £0.052m.

## **Infrastructure Assets Statutory Override**

31. In addition to the reform of local audit, the Ministry of Housing, Communities and Local Government (MHCLG) has also extended the infrastructure assets statutory override until 1 April 2029. As noted above this was introduced in 2022 to set out accounting practices with respect to accounting for infrastructure assets and help address ongoing delays in the completion of financial audits.
32. MHCLG took the position that without a longer-term solution there is a risk that the expiration of the override “would disrupt the planned audit backstop programme and create additional burden for account preparers”. They will continue to work with system partners to devise a long-term solution to accounting for infrastructure assets within the sector.

## Financial Implications

33. There are no financial implications arising directly from the report. However, the Council is required to pay its external auditor for conducting the audit of the Statement of Accounts each year.
34. Further information is awaited on the council's share of the £49m funding announced as part of Local Audit Reform.

Comments checked by:

Kathy Wilcox, Head of Corporate Finance  
[Kathy.Wilcox@oxfordshire.gov.uk](mailto:Kathy.Wilcox@oxfordshire.gov.uk)

## Legal Implications

35. There are no legal implications arising directly from the measures set out in the report. However, the Council will need to ensure that arrangements are put in place to comply with any amendments to the Local Audit and Accountability Act 2014, Accounts and Audit Regulations 2015 and statutory guidance, including the Code of Practice on Local Authority Accounting in England and Wales.

Comments checked by:

LORNA BAXTER

Executive Director of Resources and Section 151 Officer

Background papers: Nil

Contact Officer: Kathy Wilcox, Head of Corporate Finance  
[Kathy.Wilcox@oxfordshire.gov.uk](mailto:Kathy.Wilcox@oxfordshire.gov.uk)

Ella Stevens, Deputy Chief Accountant  
[Ella.Stevens@oxfordshire.gov.uk](mailto:Ella.Stevens@oxfordshire.gov.uk)

May 2025

## **AUDIT and GOVERNANCE COMMITTEE June 2025 RISK MANAGEMENT OVERVIEW**

**Report by Lorna Baxter, Executive Director Resources and  
Section 151 Officer**

### **RECOMMENDATION**

1. The Committee is RECOMMENDED to

- To note the Risk Management Update

### **Executive Summary**

2. This report sets out updates to Risk Management and an overview of the latest strategic risk register which contains the Council's most significant risks. The strategic risk register is proactively managed by the Senior Leadership Team and reported into the Strategic Leadership Board as part of the Council's Business Management and Monitoring Reports. These combined reports contain performance, risk, and finance progress updates against the delivery of the current strategic plan priorities.

### **Introduction**

3. The Oxfordshire County Council Risk Management policy is the overarching framework of the strategic and operational risk management process across the council. The policy is reviewed and updated on an annual basis. This annual review ensures the policy is linked to the budget and business planning process, the strategic plan and captures any external influence that may impact on the risk management process. The policy will be submitted for review and approval in July 2025.

4. The current 2022 – 2025 Strategic Plan includes nine priorities, leading positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county.

5. The Performance and Insight (P&I) team are responsible for the management and reporting of strategic risks and continue to work with services to assess training needs and further embed the risk management process across the organisation.

### **Key updates**

6. During March and April 2025 Strategic risk owners and managers have reviewed their respective strategic risk templates and updated and closed or added in additional controls where appropriate. This review has also identified additional strategic risks of SR12 Local Government Reform and SR11 Section106. SR3 HIF1 / HIF 2 has been de-escalated to programme level, and a revised SR3 Housing Infrastructure risk added to the strategic risk register. SR6 Oxfordshire Core schemes has been de-escalated to programme level

SR8 Policy and budget has been removed. This review has ensured that all risks contained on our strategic risk register remain relevant as a strategic risk.

7. The Strategic Leadership Team will participate in a workshop to review the revised strategic risk register on 25 June 2025. The workshop will also incorporate horizon scanning to ensure the strategic risk register references and contains all risks that require to be considered by OCC at a strategic level, as part of the 2025/26 business planning process.

8. The P&I have completed the risk health check and are working with Oxfordshire fire and rescue service colleagues and the DTFT network in seeking and identifying colleagues who are interested in risk or have an awareness or background in risk management, to cascade information and assist in further developing our policy and guidance to ensure all colleagues have the tools they need to ensure good risk management is in place.

9. The P&I team continue to support in raising risk awareness and effective risk management, through attendance at Directorate Leadership Team (DLT) meetings and through the review of our strategic risk templates and control actions, ensuring that all are aware of the need for constant revision of the effectiveness of controls and the addition of additional controls, as applicable.

10. The team continue to work closely with DLT's to discuss performance and risks and the proactive management of risk actions. Reporting of these areas has been made available in a performance and risk dashboard, also held on the performance system. User guides and videos have been created and cascaded across the organisation to support colleagues in their reporting of performance and risk. Further training and support will be provided as the new system is embedded with colleagues and additional training needs are identified.

11. A standardised risk template has been developed, and a standardised risk matrix has been added to the intranet to support consistency in approach in the management of risk throughout the organisation, a key priority identified following the health check. These templates and risk documentation will also be reviewed with our working group for clarity and ease of understanding as part of our continuous improvement following the health check.

12. The P&I team have embedded a new performance and strategic risk management system. Through supporting and training colleagues we have developed our risk management and are now able to review and update the effectiveness of controls, enabling clear evidence of closer risk management. Unfortunately work to incorporate Operational risk registers has not progressed as anticipated because of issues in linking the automation between OCC held information and the risk platform. It is envisaged this will be in place during Quarter 3.

13. The team are responsible for collating and reporting the Business Management and Monitoring report, which includes the three elements, performance, risk, and finance. Two colleagues within the P&I team are now qualified Management of risk practitioners and both continue to develop their understanding and knowledge through available resource.

## **Strategic Risk Register**

14.The term “Strategic risk” refers to both strategic risks (risks to the Council’s strategic objectives) and operational or programme/project risks which have been escalated due to the severity of their likelihood and/or impact. It does not necessarily include risks to the community, which are managed through the Community Risk Register, overseen by the Local Resilience Forum, (of which the Council is a member).

15.The strategic risk register records the risks identified as requiring the most senior management attention. The strategic risk register is reviewed monthly by the Strategic Leadership Team and will be reviewed quarterly by Informal Cabinet, Cabinet and is also an agenda item for chairs of scrutiny committees as part of the Business Management and Monitoring reporting.

16.The high-level overview of the strategic risks will be reported publicly as part of the Business Management and Monitoring Report (BMMR) pack which goes to Cabinet.

17. There are currently ten strategic risks listed below, this is included in the most recent Business Management and Monitoring Report at Cabinet 23 March 2025.

## 19. Strategic Risk Register overview – January 2025

The table below provides an overview of the current strategic risk position. Strategic risks are reviewed monthly as part of the Business management and monitoring process. Risks can be added and escalated at any time during the year.

Risk name	Risk Description	Inherent Score	Previous Residual Risk Score	Current Residual Risk Score	Current Residual Risk Rating	Direction of Travel
01. Financial resilience	The council is not financially sustainable in the immediate/medium term.	25	12	12		→
02. Cyber security	A successful and significant Cyber-attack leading to disruption, damage or compromise of any of the council's computer services, information systems, infrastructure or data.	25	15	15		→
03. HIF1 & HIF2	HIF1 and HIF2 become undeliverable and/or potential financial risk to the council.	16	12	12		→
04. Managing Demand across Adults' and Children's Services	Fluctuating demand of community across Oxfordshire can result in varying requirements in resource.	15	8	8		→
05. Special Educational Needs and Disabilities	Local area SEND partnership inspection outcomes found widespread systemic failure. Delay for children having their SEND needs met. Reputational damage (locally, regionally, and nationally).	20	12	12		→
06. Oxford Core Schemes	Failure to deliver Oxford Core Schemes (Traffic Filters, Workplace Parking Levy, Zero Emissions Zone and associated city area schemes such as Low Traffic Neighbourhoods) with public support.	20	16	16		→
07. Strategic Workforce Planning	A risk that the county council's workforce does not have capacity, capability or resilience to deliver key functions, statutory services or transformational changes required to ensure the councils objectives and long-term priorities are met. Further, that the diversity of the workforce satisfies statutory requirements.	16	12	12		→
08. Policy & Budget	Inability to seek agreement in relation to the policy and budget framework from a minority administration.	25	8	8		→
09. Delivering the Future Together	Failure to deliver organisation wide transformation.	25	8	8		→
10. Climate Impact	Increasing vulnerability to climate impacts leads to failure of key infrastructure and services with a direct impact on health, safety, environment, and businesses.	25	20	20		→



Table 1: Strategic Risk Overview for January 2025.

## Corporate Policies and Priorities

20. The risk management process links to all nine of the strategic priorities. All templates include the link to the strategic priorities to ensure risks are identified with any effect to priorities possibly not being delivered.

## Financial Implications

21. There are no financial implications arising directly from this report

Comments checked by:

Kathy Wilcox, Head of Corporate Finance  
[kathy.wilcox@oxfordshire.gov.uk](mailto:kathy.wilcox@oxfordshire.gov.uk)

## Legal Implications

22. There are no significant legal implications from this paper

Comments checked by:

Anita Bradley, Director of Law & Governance and Monitoring Officer  
[Anita.Bradley@oxfordshire.gov.uk](mailto:Anita.Bradley@oxfordshire.gov.uk)

## Risk Management

23. There are no significant risk implications from this paper.

Comments checked by

Louise Tustian, Director, Transformation, Digital and Customer Experience  
[Louise.Tustian@oxfordshire.gov.uk](mailto:Louise.Tustian@oxfordshire.gov.uk)

May 2025

## AUDIT AND GOVERNANCE COMMITTEE

4 JUNE 2025

### ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR

#### Report by Chief Internal Auditor

## RECOMMENDATION

1. **The Audit and Governance Committee is RECOMMENDED to**

- consider and endorse this annual report.

## Executive Summary

2. This is the annual report of the Chief Internal Auditor, summarising the outcome of the Internal Audit work in 2024/25, and providing an opinion on the Council's System of Internal Control. The opinion is one of the sources of assurance for the Annual Governance Statement.
3. The basis for the opinion is set out in paragraphs 22 – 35, followed by the overall opinion for 2024/25 which is that there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

## Background

4. The Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The Global Internal Audit Standards (GIAS) in the UK Public Sector (effective from April 2025), sets out proper practice for Internal Audit, requires the Chief Internal Auditor (CIA) to provide an annual report to those charged with governance, which should include an opinion on the overall adequacies and effectiveness of the internal control environment, comprising risk management, control and governance. (This was required under the previous Public Sector Internal Audit Standards 2017 which the Global Internal Audit Standards now replaces).
5. Oxfordshire County Council's Internal Audit service fully conformed to the PSIAS 2017, and since April 2025 has implemented the new Global Internal Audit Standards in the UK Public Sector.
6. The Accounts and Audit Regulations 2015 require the Annual Governance Statement (AGS) to be published at the same time as the Statement of Accounts is submitted for audit and public inspection. In order for the Annual Governance Statement to be informed by the CIA's annual report on the system of internal control, this CIA annual report has been produced for the June Audit and Governance Committee meeting. This is the full and final CIA annual report for 2024/25.

## **Responsibilities**

7. It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.
8. The role of Internal Audit is to provide management with an objective assessment of whether systems and controls are working properly (financial and non-financial). It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:
  - The Council can establish the extent to which they can rely on the whole system; and,
  - Individual managers can establish how reliable the systems and controls for which they are responsible are.

## **Internal Control Environment**

9. Internal audit standards require that the internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.
10. The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:
  - Achievement of the organisation's strategic objectives;
  - Reliability and integrity of financial and operational information;
  - Effectiveness and efficiency of operations and programmes;
  - Safeguarding of assets; and
  - Compliance with laws, regulations, policies, procedures and contracts.
11. In order to form an opinion on the overall adequacy and effectiveness of the control environment, the internal audit activity is planned to provide coverage of financial controls through review of the key financial systems, and internal controls through a range of operational activity both within Services and cross cutting, including a review of risk management and governance arrangements. The Chief Internal Auditor's annual statement on the System of Internal Control is considered by the Corporate Governance Assurance Group when preparing the Council's Annual Governance Statement.

## **The Audit Methodology**

12. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and from April 2025 in accordance with the new Global Internal Audit Standards (GIAS). The annual self-assessment

against the standards is completed by the Chief Internal Auditor. It is a requirement of the standards for an external assessment of internal audit to be completed at least every five years. The external assessment was undertaken by CIPFA (Chartered Institute of Public Finance & Accountancy) in November 2023, the results were reported to the January 2024 Audit & Governance Committee meeting. The results of the assessment were very positive, with an overall conclusion that Oxfordshire County Council's Internal Audit Service FULLY CONFORMS to the requirements of the standards. There were no areas of either partial or non-conformance with the standards identified and no recommendations arising.

13. The Monitoring Officer conducted a survey of Senior Management on the effectiveness of Internal Audit in September 2023. The results from this survey were presented to the November 2023 Audit & Governance Committee meeting. The conclusion from the survey was that there was a strong level of satisfaction with the nature and effectiveness of the internal audit service.
14. The Internal Audit Strategy and Annual Plan for 2024/25 was presented to the May 2024 Audit and Governance Committee. The Committee then received quarterly progress reports from the Chief Internal Auditor, including summaries of the audit findings and conclusions.
15. The Internal Audit Plan, which is subject to continuous review, identified the individual audit assignments. The activity was undertaken using a systematic risk-based approach. Terms of reference were prepared that outlined the objectives and scope for each audit. The work was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence in forming an overall opinion on the adequacy and effectiveness of the internal control framework.
16. Internal Audit reports provide an overall conclusion on the system of internal control using one of the following ratings:
 

GREEN	There is a strong system of internal control in place and risks are being effectively managed.
AMBER	There is generally a good system of internal control in place and the majority of risks are being effectively managed. However, some action is required to improve controls.
RED	The system of internal control is weak, and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.
17. In Appendix 1 to this report there is a list of all completed audits for the year showing the overall conclusion at the time audit report was issued, and the current status of management actions against each audit, (based on information provided by the responsible officers).
18. To provide quality assurance over the audit output, audit assignments are allocated to staff according to their skills and experience. Each auditor has designated either the Audit Manager or Chief Internal Auditor to perform quality reviews at four stages of the audit assignment: the terms of reference, file review, draft report and final report stages.

## **The Audit Team**

19. During 2024/25 the Internal Audit Service was delivered by an in-house team, supported with the specialist area of IT audit. There were also six audits that were delivered using external resource.
20. Throughout the year the Audit and Governance Committee were kept informed of staffing issues, challenges with recruitment, long term sickness absence within the team and the impact on the delivery of the Plan.
21. It is a requirement to notify the Audit and Governance Committee of any conflicts of interest that may exist in discharging the internal audit activity. There are none to report for 2024/25.

## **Opinion on System of Internal Control**

### **Basis of the Audit Opinion**

22. The 2024/25 revised plan presented to the January 2025 Audit & Governance Committee meeting has been completed, with the exception to one audit (Delivery of Savings and Investments). The service has been managing a long-term sickness absence within the team for the last half of 2024/25, and whilst the rest of planned audits were redistributed amongst the team, who have all worked exceptionally hard to ensure they were completed, the final audit could not be resourced. It was agreed with Executive Director of Resources to remove the audit from the plan.
23. The plan is intended to be dynamic and flexible to change. 30 audits were undertaken in the year (26 in 2023/24, 30 in 2022/23, 26 in 2021/22). Since the last report of amendments to the plan at the January 2025 Audit & Governance Committee meeting (eight amendments consisting of four additions to the plan and four deferred to 2025/26 plan), there has been only one further amendment as noted above (deletion of the audit of Delivery of Savings and Investments).
24. The completed internal audit activity and the monitoring of audit actions through the action tracker system enables the Chief Internal Auditor to provide an objective assessment of whether systems and controls are working properly. In addition to the completed internal audit work, the Chief Internal Auditor also uses evidence from other audit activity, including counter-fraud activity, and attendance on working groups e.g., Corporate Governance Assurance Group.
25. In giving an audit opinion, it should be noted that assurance can never be absolute; however, the scope of the audit activity undertaken by the Internal Audit Service is sufficient for reasonable assurance to be placed on Internal Audit's work.
26. A summary of the work undertaken during the year, forming the basis of the audit opinion on the control environment, is shown in Appendix 1.
27. Of the 30 audits undertaken in 2024/25, it is positive to note that there were no audits with the overall conclusion of red. In 2023/24, three audits were graded as red, in 2022/23 one audit was graded red, in 2021/22 one audit was graded

red, and in 2020/21 one audit was graded red. (See also paragraph 36 for trend analysis on individual audit overall conclusions)

28. The overall opinion for each audit, highlighted in Appendix 1, is the opinion at the time the report was issued. The internal audit reports contain management action plans where areas for improvement have been identified, which the Internal Audit Team monitors the implementation of by obtaining positive assurance on the status of the actions from the officers responsible. The current status of those actions is also highlighted, in Appendix 1, for each audit. Reports on outstanding actions have been routinely reported to Directors and the Audit & Governance Committee. The Chief Internal Auditor's opinion set out below considers the implementation of management actions.
29. As part of governance arrangements developed when Oxfordshire County Council joined the Hampshire Partnership in July 2015, it was agreed that the Southern Internal Audit Partnership (SIAP) would provide annual assurance to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out by the partnership, via the Integrated Business Centre (IBC). Due to the onboarding of three additional partners, since 2019/20 the assurance arrangements were amended. The Hampshire Partnership/IBC commissioned Ernest and Young (EY) to undertake a Service Organisation Controls review under International Standard on Assurance Engagements (ISAE 3402). This provides a framework for reporting on the design and compliance with control objectives related to financial reporting. In addition to this Partners can separately take a view on any additional risk-based pieces of assurance work that could be commissioned from SIAP covering any core elements of the control environment.
30. The ISAE 3402 report covering both the design and operating effectiveness of the internal control environment for 2024/25 has been made available to the Executive Director of Resources and the Chief Internal Auditor. This report provides assurance on the operation and effectiveness of internal controls across; Purchase to Pay, Order to Cash, Cash & Bank, HR & Payroll and IT General Controls. It has been confirmed that there are no substantial risks in relation to the control objectives within these areas.
31. The anti-fraud and corruption strategy remains current and relevant. In 2024/25 the Audit and Governance Committee and Audit Working Group have been updated on reported instances of potential fraud. Most of these are minor in nature. Work has been undertaken to address the control weaknesses identified in each area identified to reduce the possibility or reoccurrence.
32. Internal Audit continue to manage the National Fraud Initiative data matching exercise which is completed once every two years. Key matches are investigated, and results are reported to the Audit & Governance Committee in the quarterly updates.
33. It should be noted that it is the responsibility of management to operate the system of internal control, not Internal Audit's responsibility. Furthermore, it is management's responsibility to determine whether to accept and implement recommendations made by Internal Audit or, alternatively, to recognise and accept risks resulting from not taking action. If the latter option is taken by

management, the Chief Internal Auditor would bring this to the attention of the Audit & Governance Committee.

34. The matters raised in this report are only those which came to Internal Audit's attention during the internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.
35. In arriving at the annual opinion, The Chief Internal Auditor has taken into account:
- The results of all audits undertaken as part of the 2024/25 audit plan;
  - The results of follow up action taken in respect of previous audits;
  - Whether or not any priority 1 actions have not been accepted by management - of which there have been none;  
(Priority 1 = Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management. Priority 2 = Significant issue that requires prompt action and improvement by the local manager)
  - The effects of any material changes in the Council's objectives or activities.
  - Whether or not any limitations have been placed on the scope of Internal Audit – of which there have been none.
  - Assurance provided by ISAE 3402 report, covering both the design and operating effectiveness of the Hampshire Partnership/IBC internal control environment.
  - Corporate Lead Assurance Statements on the key control processes, that are co-ordinated by the Corporate Governance Assurance Group (of which the Chief Internal Auditor is a member of the group), in preparation of the Annual Governance Statement.

### Chief Internal Auditors Annual Opinion

In my opinion, for the 12 months ended 31 March 2025, there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective action and timescale for improvement.

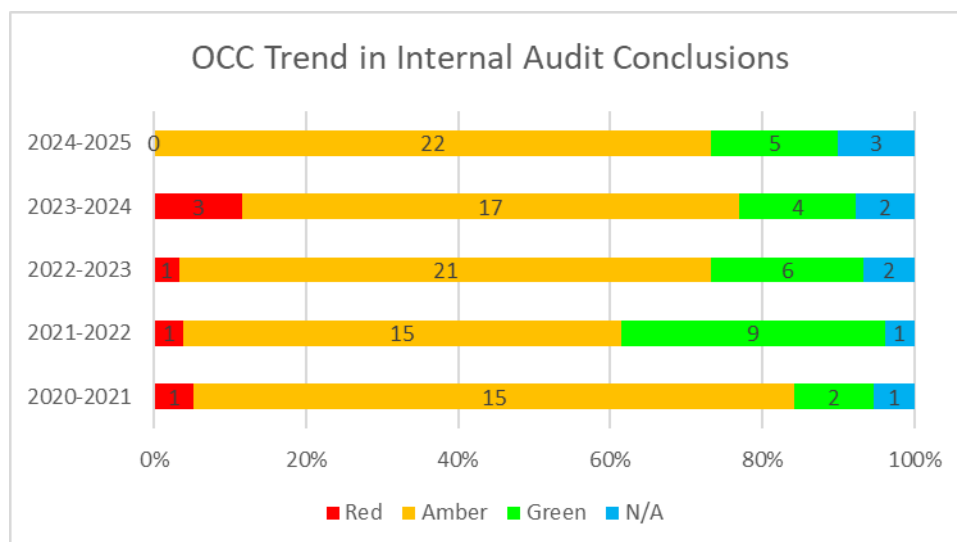
This opinion will feed into the Annual Governance Statement which will be published alongside the Annual Statement of Accounts.

Oxfordshire County Council's Internal Audit service conformed to the Public Sector Internal Audit Standards (2017) during the year ending 31 March 2025.

See appendix 2 for definitions of overall assurance opinion.

36. The following table shows the percentage trend in individual audit conclusions.





### **Audits completed since last report to Audit and Governance Committee**

37. The outcomes of the audits, including a summary of the key findings are reported quarterly to the Audit & Governance Committee. The summaries of the audits completed since the last report (March 2025) are attached as Appendix 3.
- Independent Reviewing Officers
  - Schools Section 151 Assurance
  - Pensions Administration
  - Utilities Management
  - Retention Employee Feedback
  - Void Management
  - Mandatory Training
  - EHCP Tops Ups
  - Planning Application Appeals
  - Client Charging
38. Since the last report to the March 2025 Audit & Governance Committee the following grant certifications have been completed:
- SIPP Grant Certification for 2023/24 & 2024/25 (Smart Infrastructure Pilots Programme).
  - 5GIR 2024/25 (5G Innovation Regions Programme)

### **Internal Audit Performance**

39. The following table shows the performance targets agreed by the Audit and Governance Committee and the actual 2024/25 performance.

40. Issues, including the Principal Auditor being on maternity leave for the first half of 2024/25, performance targets not always met by the external contractor used for six audits during 2024/25, and another member of staff being on long term sickness absence for the second half of 2024/25 have impacted on the achievement of the service's performance indicators. Achieving the target date for the exit meeting for each audit assignment will continue to be area of focus for improvement. Performance for the timely issue of draft and final reports on completion of audit fieldwork, however, has continued to be good.
41. Completion of the 2024/25 plan has overrun by 4 weeks. 78% of the plan (including grant certification work) was completed by the end of April 2025, for the remaining audits all audit fieldwork was completed, however draft reports were still being agreed during May 2025. All audits have now been finalised.
42. Internal Audit are pleased to report the continued improvement in the implementation of management actions by the organisation, with the majority implemented or not yet due (80%).
43. Internal Audit customer satisfaction questionnaires continue to provide positive feedback.

Measure	Target	Actual Performance 2024/25 – as at 08/05/2025
Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the Audit Manager, no more than three times the total audit assignment days	61% of the audits met this target. 2023/24 67% 2022/23 67% 2021/22 59% 2020/21 50%
Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	82% of the audits met this target. 2023/24 96% 2022/23 93% 2021/22 86% 2020/21 85%
Elapsed time between receipt of management response to the draft report and the issue of the final report	15 Days	100% of the audits met this target. (Previously measured issue of draft report to the issue of the final report) 2023/24 100% 2022/23 100% 2021/22 66% 2020/21 80%
% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2024.	78% of the plan was completed by the end of April 2025 (including grant certification work). 2023/24 100% 2022/23 83% 2021/22 87% 2020/21 74%
% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	As at end of April 2025: 748 actions being monitored on the system. <ul style="list-style-type: none"> <li>• 74% implemented</li> <li>• 6% not yet due</li> <li>• 16% partially implemented</li> <li>• 4% overdue</li> </ul>
Customer satisfaction questionnaire (Audit Assignments)	Average score < 2 1 - Good 2 – Satisfactory 3 – Unsatisfactory in some areas 4 – Poor	Average score was 1.2  2023/24 1 2022/23 1.2 2021/22 1.1 2020/21 1.06
Directors' satisfaction with internal audit work	Satisfactory or above	Review of effectiveness of internal audit completed by Monitoring Officer in September 2023 and reported to the Audit & Governance Committee in November 2023 – Satisfactory

## Financial Implications

44. There are no direct financial implications arising from this report.

Comments checked by: Lorna Baxter, Executive Director of Resources  
[lorna.baxter@oxfordshire.gov.uk](mailto:lorna.baxter@oxfordshire.gov.uk)

## Legal Implications

45. There are no direct legal implications arising from this report.

Kim Sawyer, Interim Head of Legal and Governance,  
[kim.sawyer@oxfordshire.gov.uk](mailto:kim.sawyer@oxfordshire.gov.uk)

## Staff Implications

46. There are no direct staff implications arising from this report.

## Equality & Inclusion Implications

47. There are no direct equality and inclusion implications arising from this report.

## Sustainability Implications

48. There are no direct sustainability implications arising from this report.

## Risk Management

49. There are no direct risk management implications arising from this report.

Sarah Cox, Chief Internal Auditor, May 2025.

Annex:                      Annex 1: Overall conclusion and management action implementation status of 2024/25 audits  
Annex 2: Annual assurance opinion definitions  
Annex 3: Executive Summaries of Audits finalised since last report to Audit and Governance Committee.

Background papers:      None.

Contact Officer:          Sarah Cox, Chief Internal Auditor  
[Sarah.cox@oxfordshire.gov.uk](mailto:Sarah.cox@oxfordshire.gov.uk)

## **APPENDIX 1 - Overall conclusion and management action implementation status of 2024/25 audits**

<b>Audit</b>	<b>Status</b>	<b>Conclusion</b>	<b>No of Mgmt Actions Agreed</b>	<b>Reported implementation status as at 21/05/2025</b>
Cross Cutting				
Transformation - Programmes & Major Projects.	Final Report	Amber	13	7 implemented, 3 not yet due, 3 overdue
Strategic Contract Management	Final Report	Amber	12	1 implemented, 11 partially implemented
Social Value Policy	Final Report	Amber	8	8 implemented
Conflicts of Interest & Gifts and Hospitality	Final Report	Amber	12	6 implemented, 3 overdue, 2 not yet due, 1 partially implemented
Joint Internal Audit & Counter Fraud proactive review – Travel Mileage	Final Report	Amber	6	2 implemented, 2 not yet due, 1 overdue, 1 partially implemented
Delivery of Savings & Investments	Audit removed from plan	n/a	-	-
Follow Up – 2023/24 audits (Addition to plan)	Final Report	n/a	-	-
Childrens				
Independent Reviewing Officer	Final Report	Amber	14	7 not yet due, 7 overdue
Transformation Programme – including Financial Management	Deferred until 25/26 plan	-	-	-
Direct Payments	Final Report	Amber	35	16 implemented, 4 overdue, 15 partially implemented
Supported Families	Complete	n/a	-	-
EYES & LIFT - IT Application Review	Final Report	Amber	8	6 implemented, 2 partially implemented
Primary School 1	Final Report	Amber	36	31 implemented, 5 partially implemented
Multiply Grant (Addition to plan)	Final Report	n/a	3	3 overdue

Education Health Care Plan Top ups (Addition to plan)	Final Report	Amber	12	12 not yet due
Adults				
Client Charging	Final Report	Amber	11	10 not yet due, 1 implemented
Void Management	Final Report	Amber	14	14 not yet due
Discharge to Assess	Deferred until 25/26 plan	-	-	-
Property				
Property Strategy Implementation	Final Report	Green	1	1 partially implemented
Utilities Management	Final Report	Green	3	3 not yet due
Workforce & OD				
Recruitment – Applicant Tracking System	Deferred until 25/26 plan	-	-	-
Mandatory Training	Final Report	Amber	5	5 not yet due
Retention – Employee Feedback	Final Report	Amber	8	8 not yet due
Finance				
Pensions Administration	Final Report	Green	6	3 implemented, 3 not yet due
Schools S151 Assurance	Final Report	Amber	22	2 implemented, 20 not yet due
IT				
Identity and Access Management	Final Report	Amber	11	2 implemented, 1 overdue, 8 partially implemented
Artificial Intelligence	Final Report	Amber	13	1 implemented, 3 overdue, 9 partially implemented
Cyber Security	Final Report	Green	4	3 implemented, 1 partially implemented
Data Management and Utilisation	Final Report	Amber	10	2 implemented, 7 not yet due, 1 overdue
Corporate Website	Final Report	Amber	8	7 implemented, 1 partially implemented
Customers & Cultural Services				
Library System – IT Application review	Final Report	Amber	11	11 implemented
Environment & Highways				
Highways (new contract mobilisation)	Final Report	Green	2	2 partially implemented
Income Collection & Parking Account	Final Report	Amber	11	11 partially implemented

HIF1 (Didcot Garden Town Housing Infrastructure Fund)	Deferred until 25/26 plan	-	-	-
Environment & Place				
Planning Application Appeals (Addition to plan)	Final Report	Amber	7	7 not yet due
S106 – New IT System	Deferred until 25/26 plan	-	-	-

**Grant Certification work completed during 2024/25:**

- Local Authority Delivery Grant, Phase 3 (LAD3)
- Local Transport Capital Block Funding grant for 2023/24, no 31/6680 and 31/6681
- Local Authority Bus Subsidy (Revenue) Grant, 2023/24, 31/6909
- Disabled Facilities Grant 2023/24, initial grant allocation (grant determination reference 31/6672) and additional allocation (grant determination 31/6833).
- SIPP Grant Certification for 2023/24 & 2024/25 (Smart Infrastructure Pilots Programme).
- 5GIR 2024/25 (5G Innovation Regions Programme)

## **APPENDIX 2**

Overall annual opinion – definitions based upon framework recommended by Institute of Internal Auditors.

### **Substantial**

*There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.*

- no individual audit engagement graded as “red” or significant “amber”.
- occasional medium risk rated weaknesses identified in individual audit engagements although mainly only low/efficiency weaknesses.
- internal audit has confidence in managements attitude to resolving identified issues.

### **Satisfactory**

*The control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.*

- medium risk rated weaknesses identified in individual audit engagements.
- isolated high risk rated weaknesses identified for isolated issues.
- no critical risk rated weaknesses were identified.
- internal audit is broadly satisfied with management’s approach to resolving identified issues.

### **Limited**

*The control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives.*

- significant number of medium and/or critical risk rated weaknesses identified in individual audit engagements.
- isolated critical and/or high risk rated weaknesses identified that are not systemic.
- internal audit has concerns about managements approach to resolving identified issues.

### **No Assurance**

*A control framework is not in place to mitigate key risks. The organisation is exposed to abuse, significant error or loss and/or misappropriation. Objectives are unlikely to be met.*

- serious systemic control weaknesses identified through aggregation of individual audit engagements.
- significant number of critical and/or high risk rated weaknesses identified for isolated issues.
- internal audit has serious concerns about managements approach to resolving identified issues.



## **APPENDIX 3**

### **Summary of Completed 2024/25 Audits since last reported to the Audit and Governance Committee – March 2025.**

#### **Independent Reviewing Officer 24/25**

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Governance and Training	A	0	3
B: Monitoring	A	0	2
C: Chairing the Child's Review	A	0	9
		0	14

Opinion: Amber	
Total: 14	Priority 1 = 0 Priority 2 = 14
Current Status:	
Implemented	0
Due not yet actioned	7
Partially complete	0
Not yet Due	7

The audit found that overall, there are clearly defined responsibilities and detailed guidance for key aspects of the Independent Review Officer (IRO) process. Areas for improvement were noted in relation to training and declaring conflicts, communication of changes in the child's circumstances by the social workers, issues with respect to chairing a child's review, including non-adherence to the required meeting timelines and documentation requirements, and monitoring of escalations.

**A Governance and Training** – The roles, responsibilities and accountabilities of the IROs are governed by the IRO Handbook, various legislation (e.g. The Children Act 1989), OCC Practice Standards as well as the Escalations process. These documents provide clarity on reporting lines, escalation paths, decision-making processes as well as requirements in relation to maintaining independence. We noted that it is the IROs responsibility to declare any conflicts of interest independence issues with their supervisor at the time cases are allocated to them, however there is no formal method of capturing this declaration (e.g. via a self-declaration form logged in LCS). As such, there is a risk that IROs may not be consistently or adequately declaring their

independence, which may lead to non-compliance with legal and regulatory requirements.

A mandatory training plan for IROs is provided through the Learning Zone. This is supplemented by an annual development plan to help facilitate continuous learning and progression. The annual development plan includes team meetings, face-to-face training and development sessions. Although line managers are provided with automated emails from the Learning Zone for monitoring purposes, a mechanism to have oversight over training compliance rates for all IROs at an overarching level, comprising all the different training sessions and meetings, is not in place and regularly reported to senior management.

Monthly Delivering Quality Improvement in Practice and Performance (What Good Looks Like Self Evaluation) (DQIPP) meetings are conducted to discuss what is working well, improvements identified and IRO concerns. On an annual basis, a report is compiled providing a qualitative and quantitative analysis on the overall performance of the function. The report covers the role and purpose of the IRO, service structure and staffing, quantitative analysis, performance and quality assurance monitoring and IRO service priorities.

Data on IRO caseloads is available via the Children We Care For (CWCF) tracker using PowerBI and is monitored by management on a weekly basis. Although the monitoring control is in place and operating effectively, we noted that as of January 2025, the current average IRO caseload stands at 63. This is approaching the upper limit of the guidance threshold outlined in the IRO Handbook (50 – 70 cases). Currently, no formal strategies or plans exist to ensure effective management of IRO caseloads numbers to ensure thresholds are not exceeded.

**B Monitoring** – The monitoring role of the IRO relates to how an IRO monitors and oversees cases in-between formal review meetings. Between formal reviews, if the care plan continues to meet the needs of the child there may be no need for any communication between the IRO and the social worker of the child. However, in the event of a change/ event in the child's life that is significant (e.g., placement changes, educational changes and family circumstances), social workers must inform the IRO, and the change/ event should be logged in LCS for record-keeping and documentation purposes. It was noted by management that IROs are not consistently being notified of such changes. The reason provided is that social workers do not appear to fully understand what constitutes a change in circumstances. The LCS system also lacks the functionality to flag and notify IROs of any significant changes, which reduces the effectiveness of the system being used as a monitoring tool.

Midpoint checks are the main mechanism used by IROs to ensure that progress of the care plan is on track and to address any issues or changes in circumstances that may arise. The meetings should always include the case social worker. This provides a forum for changes to be communicated (in case not already communicated at the time of the change). The IRO can also involve other relevant professionals (e.g. foster carers) as required. We noted that from August 2024, a template was developed and integrated into the LCS system to help capture and log notes and actions from midpoint review meetings. From January 2025, management have been collating and reporting on data internally around the completion of midpoint reviews. These two mechanisms are now ensuring that midpoint reviews are captured in LCS and are being performed in a consistent and effective manner.

**C Chairing the Child's Review** – Requirements and timescales in relation to chairing review meetings is outlined in the IRO Handbook. This is further supplemented by the OCC Practice Standards document, which provides more specific guidance on responsibilities, objectives and expectations. Sample testing performed over the review meeting process flagged several exceptions relating to first, second and subsequent review meetings being held outside of timescales and pre-review meeting reports not being uploaded to LCS in a timely manner.

All documentation related to a child's case is recorded on the LCS system. An internal tracker is also maintained by the team, which logs and contains details regarding cases, escalations and progress. Review meeting dates are recorded in both the internal tracker and the LCS system. There is scope for reconciling the two to validate the quality of data within LCS that is used for monitoring and reporting purposes.

The QUAD system is the main mechanism used by IROs to escalate issues, risks and concerns e.g. surrounding drift and delay or any part or aspect of the child's care plan that is not moving at the speed expected. We noted examples where social workers are not responding to escalations in a timely manner, where IROs are not effectively monitoring QUAD to check the status of escalations and where IROs are escalating issues outside of QUAD (i.e. informally), which limits the ability of social workers and IROs to maintain visibility and effectively monitor escalations raised.

We also identified that although there is a formal quality assurance management checking process in operation over adherence to IRO related processes, guidelines and timelines, there is no reporting to senior management or oversight of this process at present.

### **Schools Section 151 Assurance 24/25**

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Overall Oversight	A	1	1
Training (School Staff & Governors)	A	0	2
Schools Financial Value Standard (SFVS)	A	0	3
Budget Setting and Monitoring	A	0	8
Education Finance Service	A	1	0
Banking and Purchasing Cards	A	0	3
Financial Policies and Procedures	A	0	3
School Improvement	G	0	0

		2	20
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Opinion: Amber	
Total: 22	Priority 1 = 2 Priority 2 = 20
Current Status:	
Implemented	2
Due not yet actioned	0
Partially complete	0
Not yet Due	20

There are a number of different Council teams, including the Finance Business Partnering Team, Education Finance Service (EFS), School Improvement and Governor Services, which provide support, guidance and / or training to the Council's maintained schools on finance and financial management processes and governance. These teams, along with others within Corporate Finance and HR, have a level of oversight of arrangements in place through their interactions with schools. They are therefore able to contribute to the assurance that can be provided to the S151 Officer that financial management and governance arrangements within these schools are sound and are in line with key frameworks including the Scheme for Financing Schools and the Financial Manual of Guidance. Within these interactions, there are opportunities to provide assurance and identify where there is a need for performance improvement, however there is currently a lack of systematic and consistent coordination between the different sources of assurance.

Findings from recent Internal Audit and Counter Fraud activity, together with the findings from this audit, note that whilst there is evidence that some examples of poor financial management in individual schools are being identified and flagged, this is not as a result of a systematic and consistent process. Furthermore, where poor performance is noted, there is currently no mechanism or process to ensure that there is proper review and consideration across all assurance sources to confirm whether there are wider issues which need to be addressed.

The Finance Business Partnering Team have a core responsibility for monitoring the financial management arrangements within maintained schools and rely on information from other teams in order to do this. We have confirmed that there are processes in place for key teams, including EFS and School Improvement, to feedback to and work collaboratively with Finance Business Partnering, to identify and provide further assistance to schools where concerns are identified, however this does not provide comprehensive and systematic oversight across the different sources of assurance. There is scope to strengthen and widen these arrangements to ensure that instances of poor financial management practices identified by any of the teams which provide assurance can be co-ordinated, shared and considered across all different teams involved. The importance of the development of a more collaborative approach has been highlighted by recent Internal Audit and Counter Fraud work which has demonstrated how poor financial management practices in one area often indicate poor financial management practices in others. Without systematic information sharing, collaboration and discussion, there is a risk that inappropriate practices or non-compliance will be missed or will not be resolved promptly and that the assurance the Finance Business Partnering team have will be incomplete.

## **Pensions Administration 2024/25**

Overall conclusion on the system of internal control being maintained

**G**

RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Regulatory Framework	<b>G</b>	0	6
Scheme Employer & Member Lifecycle	<b>G</b>	0	0
Debtor Management	<b>G</b>	0	0
		0	6

Opinion: Green	
Total: 6	Priority 1 = 0 Priority 2 = 6
Current Status:	
Implemented	3
Due not yet actioned	0
Partially complete	0
Not yet Due	3

Overall, audit testing found that controls and processes in relation to Pensions Administration are strong and working well. Since the previous audit, there have been significant changes in senior management within the service with a new Pension Services Manager and Head of Pension Fund appointed and in post. Both posts appear well established with new arrangements working well. It has been reported that there is work ongoing in areas where process improvements have been identified as necessary.

### **Regulatory Framework**

An updated General Code of Practice was published by the Pensions Regulator in March 2024 with compliance required by the end of March 2025. Compliance across the service has been reviewed with progress reported to the Pension Fund Committee. An independent oversight and challenge exercise which will review compliance is due to be undertaken during 2025/26.

There is a project ongoing to progress action needed following on from the McCloud judgement (this is a court ruling which provides a remedy following Government reforms to public service pension schemes in 2014 and 2015 which have been found to potentially disadvantage some scheme members), which must be concluded, and any changes required to pension records by the statutory deadline of August 2025. Progress in the review and updating of scheme member records is being monitored on a weekly basis within the service and project progress is reported to the Pension Fund Committee.

There is also a project ongoing to implement the Pensions Dashboard, this is a national requirement which will enable individuals to view information on their different pensions in one place. This project appears to be on track with progress being reported to the Pension Fund Committee.

The team continue to monitor and report on performance against SLA targets, with routine reporting to the Pension Fund Committee. There is work ongoing to make performance reporting more efficient, comprehensive and system driven where possible. Further improvements are being made to enable comparison of performance across reporting periods and to review and refine what is being reported on the activity of the different teams within the service.

Staffing continues to be an issue with existing vacancies contributing to resourcing pressures within the team. It was reported that a workforce strategy has been developed and approved by Pension Fund Committee with additional budget to develop the workforce and build resilience within the service.

### **Scheme Employer & Member Lifecycle**

The original modules identified for implementation as part of Administration to Pay system are all now live. Implementation of the enhanced version of this system is now being considered in order to further automate processes and reduce manual interventions where possible.

Sample testing completed as part of the audit confirmed that key administration processes are operating effectively for the cases sampled.

### **Debtor Management**

Pension fund debts are managed by the Income and Banking team with a Standard Operating Procedure (SOP) in place. Debts are being reviewed on a monthly basis with the updated status being communicated to and / or any queries being discussed with the Pensions Administration team. Historic debts noted as outstanding during previous audits have now been resolved and the debt position is now significantly improved. The debtor position is reported on to the Pension Fund Committee as part of the Administration report on a quarterly basis.

Follow Up – there was 1 management action outstanding from the 2012/22 Pensions Administration audit and 3 management actions agreed as part of the 2023/24 audit. These have been confirmed as fully implemented.

## **Utilities Management 2024/25**

Overall conclusion on the system of internal control being maintained

**G**

RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Governance:	A	0	3
Operational Processes:	G	0	0
Financial Management:	G	0	0
		0	3

Opinion: Green	
Total: 3	Priority 1 = 0 Priority 2 = 3
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	3

### **Introduction**

The Council has a predominantly centralised property asset management operating model, with the majority of associated resource, budgets, and contracts consolidated in Property & Assets. With regard to utilities, exceptions to this include street lighting (managed within Environment and Highways), and gypsy and traveller sites (managed by the Gypsy and Traveller Service, which, while part of Property & Assets, is managed independently of the corporate sites). For maintained schools, the metering portfolio is managed centrally by Property & Assets, with payments being the responsibility of individual schools.

The audit found a strong system of internal control in relation to utilities management across the teams and services responsible. While there is the opportunity to strengthen guidance and procedure notes for key processes within utilities management, it was evident throughout the audit that there is a clear understanding of roles and responsibilities, robust controls in place to ensure the accuracy and timely payment of invoices, and appropriate monitoring and oversight in place to identify issues and problems (e.g. a water leak). Budget management was also found to be operating effectively.

### **Governance**

Roles and responsibilities in relation to key processes within utilities management were found to be clearly understood by the officers and teams involved, noting that those teams benefit from highly knowledgeable and experienced staff. However, there is a lack of documented procedures in some areas, which could result in

inconsistencies, errors and omissions within key control processes, especially in the event of staff absence or turnover.

It is acknowledged that for corporately managed utilities (managed by Property & Assets), there are written procedures covering operational processes, however the current guidance does not cover financial forecasting. It was also noted that no guidance is in place for the management of street lighting and highways assets, which sits within Environment & Highways. Another key activity, managing the metering portfolio (within Property & Assets) would also benefit from being documented, however it is noted the intention is that this will be carried out after the forthcoming Market-Wide Half Hourly Settlement (MHHS) reforms to the electricity industry, which will have a significant impact on the Council's metering arrangements, allowing improved billing accuracy due to the requirement of half hourly data from smart meters, rather than some bills being based on estimated usage.

### **Operational Processes**

There are separate processes in place to manage the Council's metered portfolio (e.g. buildings) and the unmetered portfolio (e.g. street lighting and highways assets). Operational processes to ensure that utilities across council assets are appropriately monitored and managed were found to be working effectively. There are robust controls in place to identify and investigate anomalies, such as unexpected fluctuations in usage, with sample testing confirming the investigations are being carried out promptly and resolved appropriately.

The majority of the metered utilities are managed through the Property & Assets Directorate as part of the Corporate Landlord function. It is noted that there may be small pockets of utilities being managed independently of the Property & Assets Directorate; this risk is recognised by the service with work ongoing to ensure such pockets are brought within the Corporate Landlord function where appropriate.

The audit also considered how the management of utilities aligns with the Council's development of cost-effective schemes for energy and water efficiency and low carbon measures, acknowledging that the ideal approach to implementing such schemes can result in a trade-off between reducing costs and reducing carbon emissions.

### **Financial Management**

Expenditure on utilities (electricity, gas and water) in 2024/25 was £5.45m (not including maintained schools).

#### Budget Monitoring and Forecasting

Acknowledging the considerable challenge the volatile energy market presents to budget management, the monitoring and forecasting arrangements for such budgets were found to be working effectively. Cost centres managers were clear on their responsibilities, with support from Corporate Finance as appropriate.

#### Payments

While processes for ensuring payments are made accurately and promptly vary depending on whether the utility is metered or unmetered, payment processes were found to be operating effectively. Payments for metered utilities are based on contractual arrangements for standing charges plus consumption. There is a robust validation process in place to ensure that invoices are correct, with any anomalies flagged for investigation. Audit testing confirmed this process is happening as



expected with issues investigated and resolved as appropriate. Charges for unmetered supply are based on the detailed, automated inventory of what the equipment is and how much energy it consumes during operation. This data is validated as part of the data submission and invoicing process.

It was reported across the different teams responsible for utilities that the accuracy of invoices from one particular utility provider was resulting in numerous issues leading to additional work and delays in payments. It was positive to note that as part of standard contract management processes communication has been ongoing with the provider, with a noted improvement in the issues. This is being kept under review with regular meetings taking place with the supplier, with attendance from relevant teams within the Council as appropriate.

### Recharges

For the buildings managed by Property & Assets, utilities are initially paid from a central budget then recharged to the individual building's Statistical Internal Order (SIO) to enable analysis and oversight of buildings' costs. Sample testing confirmed this process is working effectively, with recharges being made accurately and on a timely basis.

### Retention – Employee Feedback 24/25

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Governance, Policies and Procedures	A	1	0
B: Feedback Mechanisms	A	0	7
C: Monitoring and Reporting	A	0	0
		1	7

Opinion: Green	
Total: 3	Priority 1 = 0 Priority 2 = 3
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	3

The Council is committed to being an Employer of Choice which includes improving employee retention and understanding the factors that influence staff satisfaction and engagement. To achieve this, various feedback mechanisms are used to gather

insights from employees across all levels of the Council. The key mechanisms utilised by the Council to obtain feedback from employees are engagement surveys and exit interviews. There is also a Raising Concerns (grievances) policy for employees and associated guidance on how these are dealt with. Other mechanisms for obtaining employee feedback include ongoing employee and manager performance and wellbeing discussions, the Colleague Forum and via Equality, Diversity and Inclusion (EDI) Networks.

Overall, we noted that although employee feedback mechanisms are in place, there is an opportunity to improve the effectiveness of the individual mechanisms and provide better oversight by collectively analysing the information to provide a holistic view. This will help identify key themes and areas for improvement to support employee satisfaction and retention.

### **A: Governance, Policies and Procedures**

There is currently no overarching framework that enables comprehensive oversight across the various feedback mechanisms and how they collectively inform and influence employee retention. Action plans to respond to feedback are developed at a service level without a holistic view and with limited HR and employee visibility of the improvements made. Management are already aware and addressing this issue as part of an ongoing 'Engagement' project which is looking to establish an overarching governance framework. This will involve redefining what employee engagement means within the Council and implementing a cohesive approach for managing feedback effectively to help retain staff. The Council has established a working group of senior leaders and engagement specialists to lead this initiative.

### **B: Feedback Mechanisms**

There is a defined process for exit interviews, which involves the quarterly collation and reporting of exit interview results with HR Business Partners across services. Results should then be cascaded down to individual services to action however there is no central visibility of action/improvement plans that services may be implementing; therefore, it is unclear if changes to support retention are being taken at a service level. It is noted that there is a low completion rate of exit interviews, which is an optional process. This is acknowledged by management who report that this may be due to a perceived lack of value or trust and are exploring methods to improve this.

As part of the Engagement project, improvements are currently being made to the employee engagement survey process. These include the commissioning of a new survey provider which will tailor future employee engagement surveys to the Council's objectives and further improve the feedback sought from employees.

The policies in relation to the management of employee grievances have recently been reviewed and updated. Areas where additional improvements are required were noted as the retention of formal documentation on case risk management meetings and monitoring controls regarding the timeliness of the management of grievance cases.

### **C: Monitoring and Reporting**

Reporting is in place for the three employee feedback mechanisms reviewed as part of this audit. However, this consists of sharing the raw data rather than any detailed and combined analysis to determine strategic insights or themes. This reduces senior management's ability to proactively address retention challenges and impacts on the

effectiveness of decision-making processes to drive meaningful organisational improvements.

### **Void Management 24/25**

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Governance	A	0	3
B: Demand and Resource Management	A	0	3
C: Void Management	A	0	6
D: Performance Monitoring	A	0	2
		0	14

Opinion: Amber	
Total:14	Priority 1 = 0 Priority 2 = 14
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	14

Positive developments were noted including the creation of an Asset Register, which will centralise data on voids and placements, and steps being taken towards defining occupancy targets. However, the audit noted that there is still work to be done to ensure a robust, data led voids management process, supported by sound governance and performance monitoring. Clearly defining and streamlining governance structures, developing data led management tools and utilising performance metrics will improve the management of voids going forward.

**A: Governance** - The audit noted that there are several governance groups in operation who are responsible for void management. Some of the governance and reporting structures are not fully defined and documented. We also noted a lack of formally documented policies and procedures for the detailed end-to-end processes in relation to void management across the four categories reviewed. We noted that there is the potential for duplication of void related discussions across the governance groups and teams. There is an opportunity to review and streamline these structures.

**B: Demand and Resource Management** - Management are in the process of developing a new Asset Register which will be a positive step towards improving the management and oversight of placements and voids. All placement and void data will

be in one place. The Asset Register will remove the need for manual void spreadsheets and the Care Booking System, which will no longer be in operation post November 2025. However, the audit noted that the demand for Adult Social Care placements and how this links into the Asset Register is not yet confirmed. The process for managing demand is manual in nature and is currently managed outside of the Asset Register, which prevents management from having a clear and effective view of demand vs availability. Whilst target occupancy rates for certain contracts, such as OSJ (Order of St John's) and supported living, have recently been established, other categories still lack defined targets. Monitoring processes across contracts have not yet been developed. The absence of formal processes to monitor and report on these rates could impact on the ability to efficiently allocate resources and anticipate service needs.

**C: Voids Management** - The audit found that the Asset Register is not yet utilised as a tool for allocating OSJ placements (the largest block contract within Adult Social Care). These placements are currently managed manually through multiple spreadsheets. This could impact on the accuracy and completeness of the data recorded. Transitioning to the use of the Asset Register will improve data accuracy, completeness, efficiency and effectiveness of the voids management process. There is a reliance on manual notifications of voids from some providers, such as OSJ. This could mean that voids stay unfilled for longer if the notification is delayed. Other providers use a mandatory form process that once completed and submitted to the Council, automatically populates in the Asset Register e.g. supported living. Extending this automated system to other categories could enhance void management. It was noted there are no formal void management plans in place for each service category to enable efficient and effective void management.

**D: Performance Monitoring** - The audit highlighted the absence of formal key performance indicators (KPIs) for void management, which limits the ability to systematically assess performance in maximising the use of block contracts. Although some progress has been made in defining target occupancy rates, further discussions are needed to establish meaningful KPIs across the different block contract categories. Once KPIs are fully defined, there are opportunities to explore the full potential of PowerBI reporting from the Asset Register. Implementing robust performance metrics and reporting tools will assist in effectively and proactively managing voids.

#### Follow up:

We followed up on the implementation of 12 actions arising from the 2020/21 Order of St John's Contract Management audit.

- 4 out of 12 actions have been confirmed as having been fully implemented by management. These actions relate to brokerage performance monitoring, retention of evidence of vacancy notifications, outlook mailbox configuration and analysing void costs.
- The remaining 8 actions were either found not to have been effectively implemented or are no longer applicable. These previous actions related to the following up and escalation of late notifications, the block bed allocation process, the block bed spreadsheet, system controls and guidance for the Care Booking System and the void calculation verification and invoicing process. The remaining risk exposures will be addressed through implementation of management actions agreed within this report.

## **Mandatory Training 24/25**

Overall conclusion on the system of internal control being maintained
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A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Governance, Roles & Responsibilities	A	0	3
B: Quality Assurance Processes	G	0	0
C: Performance Monitoring & Reporting	A	0	2
		0	5

Opinion: Amber	
Total:5	Priority 1 = 0 Priority 2 = 5
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	5

Positive progress has been noted in the oversight and reporting on mandatory induction training for all staff and on elements of mandatory training for managers. A dashboard has been developed and implemented which reports on completion rates and enables monitoring and oversight of non-completion and is updated on a monthly basis. Additional improvements to the oversight and monitoring of role and service specific mandatory training would strengthen this further and would provide senior management with more complete and comprehensive assurance over the Council's mandatory training requirements.

**Governance** – There is clarity over roles, responsibilities and expectations for the completion of corporate mandatory induction training, essentials for managers training and service specific training within Adults and Children's service areas. Managers are able to access information on corporate mandatory training completed by their direct reports via the Learning Zone platform and there is now corporate oversight of completion of mandatory corporate induction training and some of the mandatory training for managers via the recently developed dashboard. There is a need to develop a process for the identification and oversight of role based mandatory training to provide assurance that this training is completed as required and that content is kept under review to ensure that it remains relevant.

**Quality Assurance Processes** – There are clear quality assurance processes in place in relation to the mandatory induction training modules, which includes annual review of content with subject matter experts and consideration of learner feedback

provided following course completion. The essentials for managers programme is also kept under regular review to ensure that the content is fit for purpose.

**Performance Monitoring & Reporting** – A dashboard has been developed and implemented which shows completion rates and information on non-completion of mandatory induction training and some mandatory training for managers. A process for the follow up on non-completion of mandatory courses reported on via the dashboard has also been implemented, along with reporting to senior management. However, there is a lack of agreed consistently applied sanctions where mandatory training is not completed despite numerous reminders.

There is currently no monitoring or reporting on role or service specific mandatory to provide assurance to senior management within those particular service areas, that mandatory training requirements are being met.

### **EHCP Top Ups 24/25**

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Funding Allocations	A	0	8
B: Payments	A	0	2
C: Outcomes	A	0	2
		0	12

Opinion: Amber	
Total: 12	Priority 1 = 0 Priority 2 = 12
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	12

SEN provision includes top up funding which is made up of different processes, involving different teams and validation routines. The audit has focussed on the secondary bonus top up process. It is acknowledged that the service have been looking at changes in approach to the payment of this funding going forward and have been actively trying to make improvements to existing processes where possible. The audit has noted that improvements are required to establish a mechanism which can provide better assurance that EHCP top up funding is being used as intended and outcomes for pupils are being delivered.

**Funding Allocations** – there is information available to primary, secondary and special schools on what EHCP top up funding is available, although some content was noted to be out of date and areas were noted where greater clarity could be provided on process.

Audit testing focussed on the secondary bonus top up process. Secondary bonus top ups were first paid in 2020/21 through what was initially intended to be a one-off exercise. However, since then, the process has continued on an annual basis to provide additional funding support. As a result, the processes and controls in place in relation to this exercise have evolved resulting in some inherent weaknesses in the approach followed. These top ups involve complex spreadsheet based manual calculations and validation processes, undertaken by two key members of staff. There is no documented guidance for the processes they follow. The way in which information returned by schools is reviewed and evaluated also has the potential for inequity and inconsistency. For example, scrutiny processes involve review of costed provision maps (CPMs) against returns provided by schools detailing the hours of support provided. However CPMs are not requested for all pupils, they do not follow a specified format and minimum information requirements are not clear. This impacts on the effectiveness of the scrutiny process, makes it difficult and time consuming. This is acknowledged within the service and in the longer term, it is agreed that a different approach is required to providing this funding, with work ongoing to determine how this can best be achieved. Prior to implementation of a different approach, improvements in the interim are still required.

From review of the way in which top up funding (element 3) is calculated, it was noted that there is an anomaly in relation to element 2 funding. This is relevant as the element 2 funding is taken into account when calculating top up funding. Guidance for schools on element 2 funding states that schools are expected to meet the first £6K of support for each child with additional needs from their delegated budget, this is in line with government requirements. However, calculations for top up funding are based on the first 15 hours of funding being covered by schools from their delegated budget. This has been discussed at Schools Forum and is in the process of being reviewed by the Service and the Finance Business Partnering team.

**Payments** – Detailed testing was focussed on the secondary bonus top up process. Testing included review of the accuracy and timeliness of payments made as a result of the 23/24 bonus top up exercise. Although testing did not identify any materials issues with payment accuracy, it was noted that there is currently no reconciliation between calculations and payments made which could delay identification and correction of any errors.

It was noted that secondary bonus top ups reviewed as part of this audit were not made in accordance with the expected timescales communicated to schools. This was due to a combination of factors including delays in receipt of the required information from some schools and the complexity of the checking / validation process. Improvements to the confirmation and communication of information requirements relating to CPM submissions could assist in limiting delays for any future bonus top up exercises.

There were also some accuracy issues with special school top up funding payments made in 24/25 which were identified and resolved by the Finance Business Partnering team prior to this audit. It has been reported that the process for calculating these top ups has been fully reviewed to ensure that payments are accurate in future. It was

also reported that the accuracy of primary and secondary top up funding payments was reviewed and no issues were identified.

**Outcomes** – SEND provision is funded through a combination of different elements, some of which are directly linked to individual pupils and the specific level of support being provided (e.g. secondary bonus top up, exceptional top up funding and primary top ups) and some of which are not (e.g. element 1 and 2 funding provided via the schools delegated budget and element 3 secondary high needs block funding).

Top up funding cannot be considered in isolation in looking at how provision is funded and whether funding is being used as intended, as this is only part of the picture. In addition, the information requested (the CPM) in relation to secondary bonus top up funding in particular, which links the support being provided by the school back to the EHCP is not provided for all pupils and is not provided in a consistent format. This also complicates any attempt to track funding back from the information which schools are currently expected to have available.

By improving and more effectively targeting the checks and validation of bonus top up returns and by introducing the requirement to provide more specific and accurate detail on the TA support being provided, assurance over whether funding being spent as intended would be improved.

Currently, assurance over outcomes from the SEND provision delivered by the school and funded by the Local Authority using funding mechanisms including top ups can only really be obtained at individual pupils level via the EHCP annual review process.

### **Planning Application Appeals 24/25**

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Policies and Procedures	A	0	3
B: Decision Making and Policy Compliance	A	0	1
C: Management of Planning Application Appeals	A	0	2
D: Management Information and Performance Reporting	A	0	1
		0	7

Opinion: Amber	
Total: 7	Priority 1 = 0 Priority 2 = 7
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0



## Introduction

The management of planning application appeals within the County Council varies depending on which Council is the Local Planning Authority (LPA – the public authority whose duty through legislation is to carry out specific planning functions, including responsibility for determining planning applications). In the event of a planning application appeal for which the County Council is the LPA, it must defend its reasons for refusal to the Planning Inspectorate justifying any S106 planning obligations, which may include contribution requests or direct delivery of infrastructure. In the event of a planning application appeal for which a District Council is the LPA, and where this is a ground for refusal based on a County Council's objection, the County Council may support and assist the District Council in substantiating the County Council's ground/s for refusal, with the teams associated with each refusal reason co-ordinating to submit the evidence and any subsequent rebuttals.

In all cases (whether the County Council or a District Council is the LPA), the County Council must satisfy the Inspector that any planning obligations sought by the County Council meet the test of Regulation 122 of the Community Infrastructure Levy (CIL) Regulations 2010; and must ensure all decisions are legally sound, align with planning policy, and are properly documented. Depending on the type of appeal, attendance may also be required at round table sessions, where the Council takes questions from the Inspector. For appeals where the County Council is the LPA, the appeals process is managed by the Development Management Team. For appeals where the LPA is the District Council, this is done by the Infrastructure Funding Team.

Following a recent District Council appeal case where the Planning Inspector concluded that the District and the County Council acted unreasonably and awarded considerable costs against both the District Council and the County Council, it was agreed an internal audit would take place to provide an evaluation of the adequacy and effectiveness of the internal controls that are in place to manage planning application appeals. It is noted the District Council relevant to this case has also undertaken an internal review; this internal audit has been carried out independently of that review.

While the case referred to was included in the audit sample the audit did not focus exclusively on the details and action taken during this appeal, instead looking at a wider sample to assess the controls in place to manage and monitor appeals.

## Overall Findings

The audit has identified opportunities for improvements to strengthen the management of planning application appeals, for both appeals in which the County Council is the LPA and appeals for which a District Council is the LPA. This includes improvements to guidance across the different services involved in appeals, the retention requirements of key documentation and supporting evidence, review of the different systems currently in use to log, track and monitor appeals with a view to improving the consistency and efficiency of approach, ensuring lessons learnt reviews are undertaken and appropriate actions identified, and that management information requirements on appeals data are clearly defined and implemented.

## Client Charging 24/25

Overall conclusion on the system of internal control being maintained

A

RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Policies & Procedures	A	0	4
B: Financial Assessments	A	0	4
C: Client Charging	G	0	2
D: Management Information	G	0	1
E: Deprivation of Assets	G	0	0
		0	11

Opinion: Amber	
Total:11	Priority 1 = 0 Priority 2 = 11
Current Status:	
Implemented	1
Due not yet actioned	0
Partially complete	0
Not yet Due	10

It is positive to note recent developments in relation to client charging which aim to automate and provide greater efficiency across the financial assessment process. An Online Financial Assessment form can now be completed and submitted via the Council's public website which feeds directly into the Adult Social Care finance system. Performance targets have been reviewed and a performance reporting dashboard has been developed and implemented. Overall, financial assessment and charging processes were found to be working well. Some improvements are required in relation to ensuring that team guidance is up to date and consistent and in ensuring that expectations in relation to management oversight are clear and consistent.

**Policies & Procedures** – There is documented guidance in place for the Financial Assessments Team, however this has not been reviewed for some time with some out of date and duplicated content noted. It was also noted that some key Team Leader processes are not currently documented. The need to review, update and consolidate current team guidance is acknowledged within the service with work underway to complete this. Information on the financial assessment process was found to be available for Social Care staff, although there is a need for greater oversight of and input to this content by the Financial Assessment Team management going forward to ensure that the information is kept up to date and relevant. Detailed information on

the financial assessment process was found to be in place and available for people we support and other members of the public.

**Financial Assessments** – Testing identified that overall, for the sample of assessments tested, financial assessment processes are working well and are being followed consistently. Whilst some testing exceptions were noted in relation to some of the residential cases reviewed, these did not have a material impact on the outcome of the financial assessment and will be addressed by improvements agreed in relation to guidance, and more consistent management oversight via the monthly sample checking process. Team management are also reviewing and updating team training arrangements where appropriate. Quality assurance over the financial assessment process is monitored via a monthly 10% sample check on assessments by Team Leaders, however it was noted that these checks are not being completed and documented consistently. Expectations over coverage, frequency and documentation of the checking completed require confirmation.

It is noted that the Online Financial Assessment system has been implemented which aims to automate and speed up the financial assessment process. Audit testing noted that some further development is required to fully bring the online form in line with the routine financial assessment application to ensure consistency of information requirements.

**Client Charging** – Data analysis was carried out of the whole population of Residential people we care for with a financial assessment banding (people we care for who contribute towards their care costs) which identified 453 people we care for who had died during 2024/25. The audit testing has provided positive assurance that the vast majority of those cases had care packages ended on the correct date with accurate charges applied. A very small sample of cases (4) were identified the date of death had been incorrectly recorded, but only by one day. These anomalies are not considered to be significant. There is exception reporting in place to pick up inaccuracies in end dates. It was also noted that there can be delays in recording deaths due to late notifications from providers, which can lead to overcharges being made which then need to be refunded. One case reviewed during testing identified that the provider was late in notifying the Council of the persons death which resulted in an overcharge of £13K. This has already been identified and resolved by the relevant team prior to audit testing.

The audit reviewed a sample of 216 non-residential people we care for who had died, and who were paying part or full cost, ten exceptions were identified where non-residential provision was recorded on dates after the date of the persons death, however these exceptions only resulted in one case where there was a small overcharge to the person which had been subsequently identified and resolved by the relevant team.

**Management Information** – It is noted that the Financial Assessments performance dashboard went live in October 2024. This provides real time information on team activity with additional improvements implemented since go live to enable performance monitoring of the key team targets on the timeliness of completion of the financial assessment process. Further enhancements are planned to enable comparison of performance from month to month on team case allocations at both Support Officer and Financial Assessment Officer level. It was noted that there is ongoing monitoring of team activity and key tasks by the Team Leaders, the Financial Assessment

Manager and the Social Care Finance & Systems Manager and that performance is being reviewed at the monthly Adult Social Care Finance Managers meeting.

**Deprivation of Assets** – There is a clear process in place for the identification, assessment, follow up and monitoring of potential instances of deprivation of assets. A comprehensive review of this process has recently been undertaken by management with updated guidance published in January 2025. Testing completed as part of this audit noted that key processes are being completed and documented consistently for the samples reviewed.

## **AUDIT AND GOVERNANCE COMMITTEE**

**4 JUNE 2025**

### **INTERNAL AUDIT STRATEGY & PLAN 2025/26**

#### **Report by Executive Director of Resources**

#### **RECOMMENDATION**

**1. The Committee is RECOMMENDED to:**

Comment and note the Internal Audit Strategy and Internal Audit Plan for 2025/26.

#### **Executive Summary**

2. This report presents the Internal Audit Strategy and Internal Audit Plan for 2025/26. A separate plan for Counter-Fraud activity will be presented to this Committee in July 2025.
3. Appendix 2 sets out the annual Internal Audit plan for 2025/26.
4. The key focus of audit activity during the year includes:
  - Financial Management
  - Capital
  - Major Programmes
  - Contract Management
  - Governance
  - IT Security
  - Service Strategic Risks

#### **Introduction**

5. The Accounts and Audit Regulations 2015 state that the Council needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with the proper internal audit practices; these are defined as the Global Internal Audit Standards in the UK Public Sector (effective from April 2025).

6. In accordance with the Global Internal Audit Standards in the UK Public Sector (GIAS), the purpose of the internal audit function “is to strengthen Oxfordshire County Council’s ability to create, protect and sustain value by providing the Audit & Governance Committee and management with independent, risk-based, and objective assurance, advice, insight and foresight”.
7. The Chief Internal Auditor is required to provide an annual report on the System of Internal Control which is used to inform the Council’s Annual Governance Statement. In providing this opinion an annual review is required of the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis.
8. The Internal Audit Annual Plan is drafted and presented at the start of each financial year, however, will evolve and needs to be dynamic and subject to amendments / responsive to organisational change and resulting emerging risks during the year. Significant changes to Oxfordshire County Council’s business, risks, operations, systems and controls need to be assessed and internal audit resources targeted across immediate priority areas for the organisation.

## **Service Vision**

9. The Internal Audit and Counter Fraud teams are managed under one service. Internal Audit has a statutory role to provide independent assurance that Oxfordshire County Council’s risk management, governance and internal control processes are operating effectively. We deliver internal audit work which is fully compliant with Global Internal Audit Standards in the UK Public Sector. The Counter Fraud Team is responsible for developing and implementing the Anti-Fraud and Corruption Strategy, including fraud prevention, undertaking the investigation into suspected or reported financial irregularities and pursuing the appropriate sanctions or recovery of funds.
10. The service strives to be an indispensable part of good governance within the organisation. The service has demonstrated with the Internal Audit and Counter Fraud teams working collaboratively as part of one team, that it works more efficiently, adding more value and contributing to an improved control environment for the organisation.
11. The professions of both internal audit and counter fraud are evolving and will undergo major transformation over the coming years driven by new emerging risks, accelerating data and technological advancements, enhancements to professional standards and the need to expand the pipeline of talent, where there is currently a significant national shortage. The service will need to continue to develop and grow and strengthen skills and capabilities to remain relevant and effective. The service will need to harness new technologies and

the opportunities that data analytics delivers for improved internal assurance activity and fraud prevention and detection.

## **Service Objectives**

12. The services objectives for the Internal Audit & Counter Fraud teams are:
  - Evaluate and improve the effectiveness of Oxfordshire County Council's governance, risk management and control processes, through delivery of the annual internal audit plan and Chief Internal Auditor's overall annual opinion.
  - Provide advice, insight and added value, consistent with the achievement of the Oxfordshire County Council's strategic priorities and objectives, acting as a strategic advisor to challenge current practice and promote best practice.
  - Protect Oxfordshire County Council's resources by ensuring they are not lost through fraud but are used to deliver services to residents, through delivery of the Anti-Fraud and Corruption Strategy and the agreed annual Counter-Fraud plan, including fraud prevention and detection activities and leading the management of fraud investigations
  - Harness new technologies and continue to develop and extend the use of data analytics and the opportunities that it presents to improve internal audit assurance and counter fraud prevention and detection activity.
  - Acknowledging the significant shortfall in internal audit and counter fraud talent nationally, develop the skills and capabilities, within the team, that are needed now and, in the future, through a "grow our own strategy" and continued use of apprentices, offering a strong coaching and enabling culture, actively supporting formal professional development and offering career pathways.

## **Audit Planning Methodology**

13. The Internal Audit Plan is developed to consider the corporate vision and priorities of Oxfordshire County Council, the Strategic Leadership Team's (SLT) priorities and management's assessment of risk as set out in the strategic and directorate risk registers. The audit plan includes cross referencing to those priorities and risks.
14. We also use our own risk assessment against each activity assessing their significance, sensitivity and materiality – ranking each activity as high, medium or low priority for inclusion within the Internal Audit Plan.

15. Audit planning is undertaken in accordance with Oxfordshire County Council's Internal Audit Charter and Global Internal Audit Standards in the UK Public Sector.
16. As part of the annual planning process the Chief Internal Auditor meets with members of the Strategic Leadership Team and other Senior Managers. This provides crucial insight and intelligence into the strategic and operational priorities of the organisation. There are regular meetings with each of the Directors/Services to ensure the plan is kept under continuous review. The plan is also reviewed quarterly and presented to the Audit and Governance Committee for consideration and comment. This ongoing review and insight enable the audit plan to be flexible to meet any changing assurance needs and risks of the organisation.
17. The Audit and Governance Committee will continue throughout 2025/26 to gain assurance through reports from Senior Management on key areas.
18. The aim is to align work with other assurance providers where appropriate, including the External Auditors and the auditors for the IBC (Hampshire's Integrated Business Centre).
19. The Chief Internal Auditor is a member of the Corporate Governance Assurance Group, which supports the monitoring and development of the assurance framework and production of the Annual Governance Statement. This includes review of the key governance areas through the Corporate Leads.
20. The Chief Internal Auditor continues to attend the Counties Chief Auditor Network (National Group) and also the Midland Counties and Districts Chief Internal Auditors Group to enable networking and to share good practice. This contributes to the internal audit planning activity.
21. The Audit and Governance Committee will receive a quarterly report, including a status update on the approved work plans, and a summary of the outcomes of completed audits.

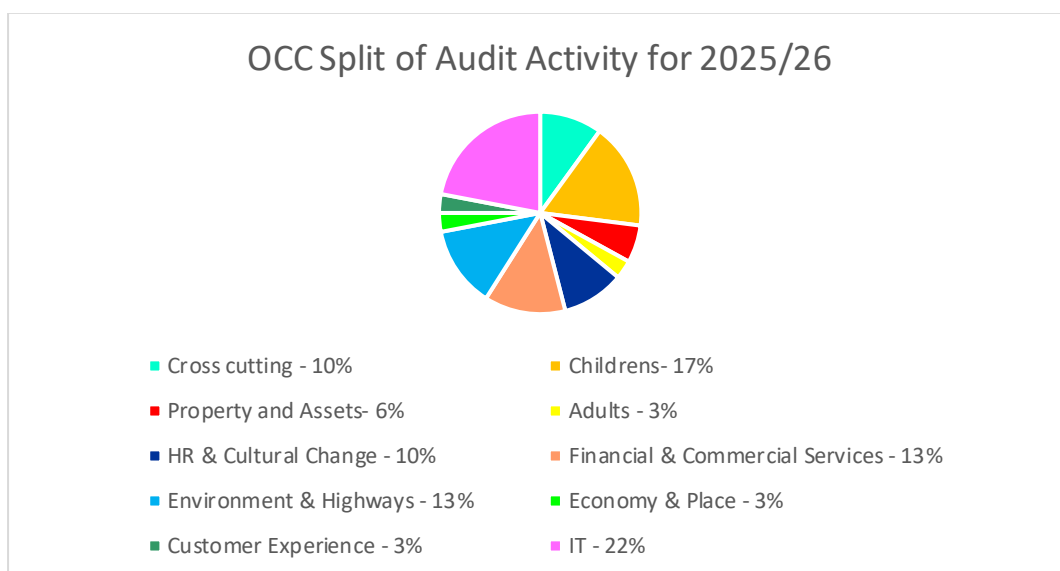
## **Counter-Fraud**

22. Internal Audit have the responsibility for Counter-Fraud. The Counter Fraud Strategy and Plan for 2025/26 will be presented to the July Audit and Governance Committee.

## **Internal Audit Resourcing**



23. The 2025/26 internal audit structure is included in Appendix 3. The Audit and Governance Committee are regularly updated regarding the Internal Audit resourcing position.
24. One of the Principal Auditors has been temporarily covering the role of Audit Manager for a period of six months, from the beginning of January 2025. This arrangement has now been formalised and from the beginning of July 2025 will be permanently performing the role of Audit Manager.
25. There continues to be a national challenge with the recruitment of good quality internal audit staff, particularly at a Senior/Principal Auditor level. We continue with the approach of “growing our own” and have a current Internal Audit Apprentice who started with us in September 2024. The service has a vacancy for a Principal Auditor and is trying to successfully recruit to this post.
26. The planned chargeable days available to the council in 2025/26 = 1100 (after deducting overheads such as annual leave, and other absences). This is assuming the successful recruitment to the Principal Auditor vacancy. The planned days available for Internal Audit assignments are 900 days. This is in line with the previous allocations in 2024/25, 2023/24, 2022/23 & 2021/22. (Other Chargeable days – non- audit assignment, are recorded at the end of the narrative plan in Appendix 2) The following chart shows an approximate split of chargeable audit activity days across directorates.



## Quality & Performance

27. Oxfordshire County Council Internal Audit operates in conformance with the Global Internal Audit Standards in the UK Public Sector. The service promotes excellence and quality through its audit process, application of its Quality Assurance Improvement Programme and training and development. During 2025/26 there is one internal audit apprentice within the team. One of the

Auditors is also undertaking professional internal audit training and is studying the Certified Internal Auditor Qualification.

28. The service uses a number of ways to monitor performance, respond to feedback and seek opportunities to improve. Evidence of the quality of audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.
29. During 2023/24 the service was subject to an external assessment against the previous Public Sector Internal Audit Standards. The results of the external assessment concluded that the service fully conformed with the standards. The full report was presented to the January 2024 Audit and Governance Committee. The next external assessment is due in 2028/29.
30. During 2025/26, the service we undertake a self-assessment against the new Global Internal Audit Standards in the UK Public Sector. Once complete the results will be reported to the Audit and Governance Committee.
31. The performance indicators for 2025/26 are attached as Appendix 1 to this report.

## **Financial Implications**

32. There are no direct financial implications arising from this report.

Comments checked by: Lorna Baxter, Executive Director of Resources and Section 151 Officer [lorna.baxter@oxfordshire.gov.uk](mailto:lorna.baxter@oxfordshire.gov.uk)

## **Legal Implications**

33. There are not direct legal implications arising from this report.

Kim Sawyer, Interim Head of Legal and Governance,  
[kim.sawyer@oxfordshire.gov.uk](mailto:kim.sawyer@oxfordshire.gov.uk)

## **Staff Implications**

34. There are no direct staff implications arising from this report.

## **Equality & Inclusion Implications**

35. There are no direct equality and inclusion implications arising from this report.

## Sustainability Implications

36. There are no direct sustainability implications arising from this report.

## Risk Management

37. There are no direct risk management implications arising from this report.

NAME: Lorna Baxter, Executive Director of Resources and Section 151 Officer.

Annex:                      Annex 1: 2025/26 Performance Indicators  
Annex 2: 2025/26 Internal Audit Plan  
Annex 3: 2025/26 Internal Audit Structure Chart

Contact Officer: Sarah Cox, Chief Internal Auditor,  
[sarah.cox@oxfordshire.gov.uk](mailto:sarah.cox@oxfordshire.gov.uk)

May 2025.

**APPENDIX 1      PERFORMANCE INDICATORS 2025/26**

	<b>Performance Measure</b>	<b>Target</b>	<b>Frequency of reporting</b>	<b>Method</b>
1	Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the CIA, no more than three times the total audit assignment days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
2	Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
3	Elapsed time between receipt of management responses and the issue of the final report	10 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
4	% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2026.	Annual Report to A&G Committee.	Internal Audit Performance Monitoring System
5	% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	Quarterly Report to AWG	Action Management Tracking System
6	Customer satisfaction questionnaire (Audit Assignments)	Average score < 2 (1= Good, 2 = Satisfactory, 3 = Unsatisfactory, 4 = Poor)	Quarterly Report to A&G Committee	Questionnaire
7	Directors' satisfaction with internal audit work	Satisfactory or above	Periodically (every 2-3 years) review of the effectiveness of IA - Monitoring Officer report to A&G Committee	Last completed by the Monitoring Officer in 2023/24 and reported to A&G in November 2024 (so not due for 2025/26)

## APPENDIX 2: Internal Audit Plan 2025/26

Service Area	Audit	Scope	Audit Needs Assessment	Link to Strategic Plan / Strategic Risk Register
Cross Cutting	Capital Programme Delivery	The audit will provide assurance over the governance, risk management and internal control processes which ensure that capital projects are managed effectively, funds are used appropriately, and objectives are met.	H	Strategic Risk Register: SR01 Financial Resilience.
Cross Cutting	Grants (received)	The audit will provide assurance across services of the effectiveness of the grants received management process in ensuring funds are used effectively and in compliance with grant requirements.	M	Strategic Risk Register: SR01 Financial Resilience.
Cross Cutting	Local Government Reorganisation.	In response to the government's white paper on devolution and local government reorganisation Oxfordshire County Council will be replaced by consolidating council services into a unitary authority or authorities. The audit will provide assurance over the initial stages of planning and preparation for transition to Unitary, including how existing key governance, risk management and high-level control mechanisms are being considered.	H	Strategic Risk Register: SR12 Devolution/Local Government Reorganisation.
Childrens	Transformation Programme – including Financial Management	The audit will provide assurance over the implementation of the children's transformation programme, including the improvements being delivered in financial and performance management. (The audit will follow on from the work completed as part of the 23/24 internal audit plan)	H	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential. Strategic Risk Register: SR04: Demand Management Children, SR09 Delivering the Future Together – Transformation, SR01 Financial Resilience

Childrens	Missing Children	The audit will provide assurance over the application and effectiveness of policies, procedures and processes in place for identifying and following up on Missing Children.	H	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Childrens / Property & Assets	Safeguarding Transport	The audit will follow up on work previously completed by Internal Audit, providing assurance over the robustness of Safeguarding policies and procedures for the transport of children and young people via commissioned transport services.	H	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Childrens	Multiply	The purpose of the Multiply initiative is the delivery of programmes which improve adult numeracy. In addition to the requirement for sign off of the grant declaration by the Chief Finance Officer and Chief Executive, the Department for Education requires that the grant spend is audited and the internal controls reviewed.	M	Strategic Plan Priority: Tackle inequalities in Oxfordshire.
Childrens	School Attendance Orders	The audit will provide assurance on the Council's school attendance processes, including school attendance orders (which are issued by a local authority when they believe a child is not receiving suitable education) and ensuring compliance with agreed policy, procedure and legal requirements.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Childrens	Repairs & Maintenance in Schools	Repairs and maintenance budgets are devolved to maintained schools. This has allowed schools to take responsibility for managing their ongoing maintenance needs. The audit will review the oversight the Council has to ensure that schools are maintaining their facilities properly and complying with legal and safety standards.	M	Strategic Plan Priority: Create Opportunities for Children and Young People to reach their full potential.
Adults	Discharge to Assess	A new Discharge to Assess programme has been implemented to change the process and speed at which patients are offered social care support after a stay in hospital, enabling them to leave hospital sooner and recover safely in their home. The audit will review the processes/discharge pathways in place, including how performance and outcomes are monitored and reported	M	Strategic Plan Priority: Prioritise the health and wellbeing of residents & Support carers and the social care system.

		on. (The audit was deferred from the 2024/25 internal audit plan).		
HR & Cultural Change	Recruitment – Applicant Tracking System	Recruitment activity has been brought back in house after previously being delivered by the (IBC) Integrated Business Centre. A new applicant tracking system has been implemented. The audit will review the processes in place / operation of the system to ensure effective management of applications. (The audit was deferred from the 2024/25 internal audit plan).	M	Strategic Risk Register: SR07 Strategic Workforce Planning
HR & Cultural Change	Schools HR	The audit will provide assurance over the delivery of statutory responsibilities for HR for Schools.	M	Strategic Risk Register: SR07 Strategic Workforce Planning
HR & Cultural Change	Absence Recording	The audit will provide assurance over compliance with absence recording policies and procedures, including annual leave and sickness.	M	Strategic Risk Register: SR07 Strategic Workforce Planning
Financial & Commercial Services	Pensions Administration	This is an annual audit to test the key controls providing assurance that members records are accurately maintained and that payments through the pension's payroll are accurate, timely and legitimate.	M	
Financial & Commercial Services	Pension Fund Investments	The audit will test the key controls providing assurance that the pension fund is being properly managed, with funds invested securely, maximising investment opportunities and is compliant with relevant legislation.	M	
Financial & Commercial Services	Insurance	The audit will review the Council's insurance strategy, providing assurance on governance and policy, claims handling and risk management.	M	
Financial & Commercial Services	Duplicate Payments	The audit will review the adequacy and effectiveness of internal controls to prevent / identify duplicate payments.	M	
Property & Assets	Vehicle Management Service	The audit will review the governance and internal control arrangements with the Vehicle Management Service which has been recently established to centralise coordination of	M	

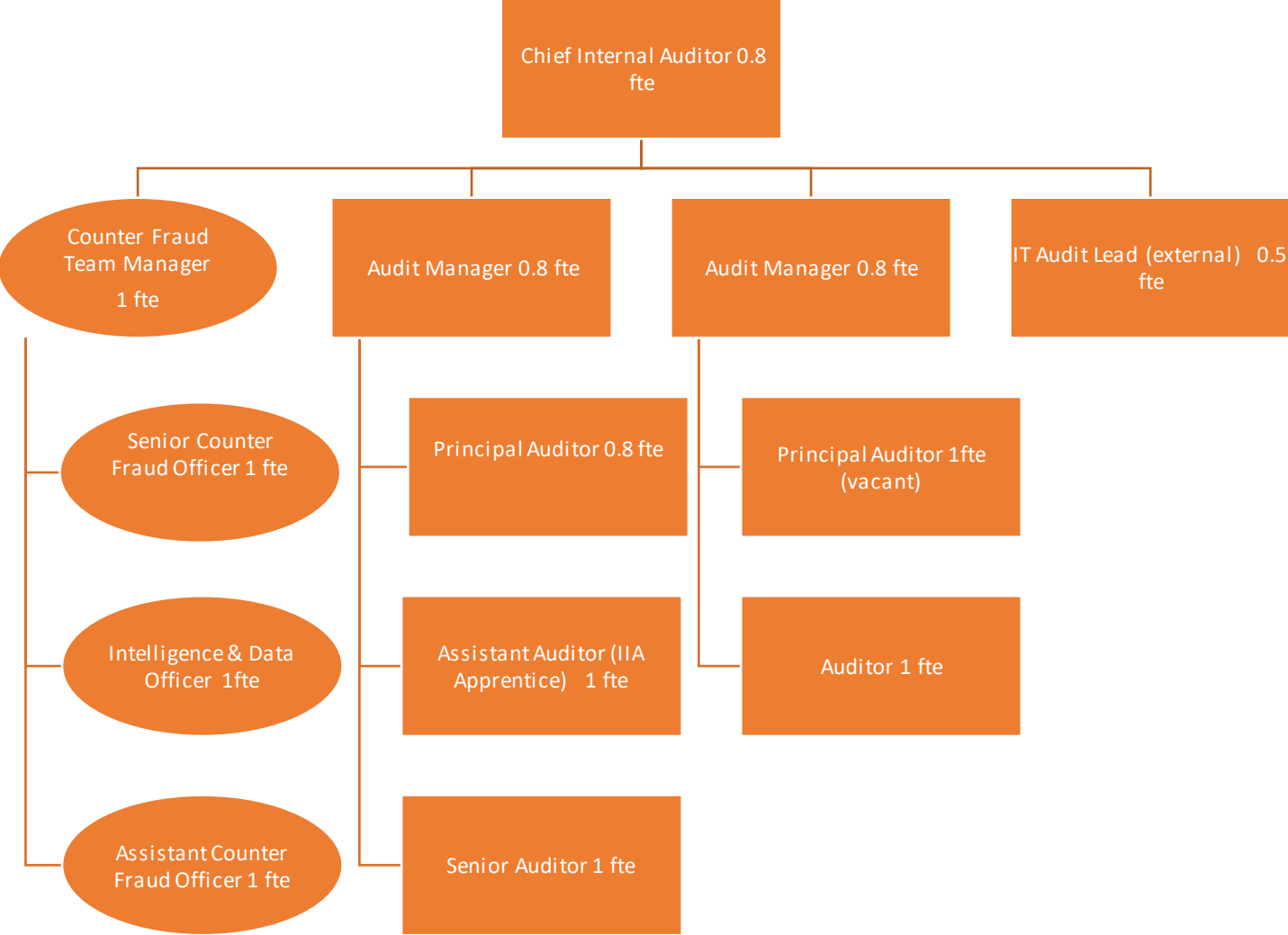
		all vehicle assets and colleague travel requirements across the Council.		
Environment & Highways	Highways	A new highways maintenance contract will commence on 1 April 2025 (following a mobilisation period from September 2024). The audit will review the adequacy and effectiveness of the contract management activity in place.	H	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network.
Environment & Highways	HIF1 (Didcot Garden Town Housing Infrastructure Fund)	HIF 1 is a major infrastructure programme, which is part funded from the Homes England's Housing Infrastructure Fund. The audit will review the programme delivery assurance governance and mechanisms. (The audit was deferred from the 2024/25 internal audit plan).	H	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network. Strategic Risk Register: SR03 HIF1 & HIF2
Environment & Highways	Bridge Management	The audit will provide assurance over the systems and processes in place for inspecting, maintaining and managing bridges.	M	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network.
Environment & Highways / IT Operations	HIAMS (Highways Infrastructure Asset System) – IT audit.	The audit will review the key security controls over HIAMS, covering system administration, user management, data security and protection. The audit will also review the planned replacement of the system in terms of changes to architecture, utilisation of new technologies such as AI, process automation and the development of the specification of requirements.	M	Strategic Plan Priority: Invest in an inclusive, integrated and sustainable transport network. Strategic Risk Register: SR02 Cyber Security.
Economy & Place	S106 Developer Contributions	A new IT system was implemented in May 2022, which records secured, held and allocated S106 developer contributions. There has also been a detailed service review of S106 end-to-end processes and workflows. The audit will follow on from the audit completed in 2023/24, reviewing the effectiveness of the management, oversight and reporting of contributions. (The audit was deferred from the 2024/25 internal audit plan).	H	Strategic Risk Register: SR11 S106.



Transformation, Digital & Customer Experience	Freedom of Information Requests	The audit will review the processes for handling Freedom of Information Requests, ensuring that deadlines are met and effectiveness of the quality review of the responses provided.	M	
IT Operations	Database Security	SQL databases are used by critical corporate applications within the council, including Liquidlogic's Adults and Children's systems. The audit will provide a technical review over the security configuration of SQL databases.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations	ICT Backups	A new back-up solution is being implemented in 2025. The audit will review the procedures and processes for taking, securing and assuring backups of digital systems and data.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations	Bring Your Own Device (BYOD)	The audit will review the policy and technical security controls over personal devices that are allowed access to corporate systems and data.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations	IT Disaster Recovery	The audit will review the plans and procedures for recovering digital systems and services following a major IT incident.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations	IT Asset Management	The audit will provide assurance over the management of end-user devices over their lifecycle, including procurement, inventories, storage and disposal.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations	GOSS – IT Audit	GOSS is a technology platform which allows public sector organisations to create online website forms. The audit will review the IT security controls over the digital platform.	M	Strategic Risk Register: SR02 Cyber Security.
IT Operations / Finance	ContrOCC – IT Audit	The ContrOCC system is already used for making payments within Adult's and Children's social care and is being implemented to replace LIFT for early years payments. The audit will review the management and IT security controls over the system. This will include system roles and responsibilities between Finance and ITID.	M	Strategic Risk Register: SR02 Cyber Security.
Grant Certification		There are several requests made throughout the year for Chief Internal Auditor sign off, of grant certifications.	Mandatory	<i>Chief Internal Auditor sign off – requirement of grant claim conditions.</i>

Other (Chargeable days – non- audit assignment)		
There are days which are not attributed to specific planned audit activity and include:	<ul style="list-style-type: none"> <li>• Chief Internal Auditor's management days</li> <li>• Preparation of the audit plan and operational planning</li> <li>• Reports for the Audit Working Group and Audit &amp; Governance Committee</li> <li>• Attendance at Leadership Team meetings and regular meetings with Senior Management</li> <li>• Attendance at the Corporate Governance Assurance group including contribution to and overview of the Annual Governance Statement</li> <li>• External Audit liaison</li> <li>• Liaison with other assurance providers.</li> </ul>	<ul style="list-style-type: none"> <li>• Follow up on implementation of agreed management actions.</li> <li>• Annual self-assessment against internal audit standards – In accordance with the requirements of the Public Sector Internal Audit Standards</li> <li>• Advice and Liaison</li> <li>• Production of the Chief Internal Auditors' Annual Report</li> <li>• Development of data matching / analytics</li> <li>• Contribution to change management programmes</li> <li>• Admin support for actual audit work</li> </ul>

APPENDIX 3: INTERNAL AUDIT AND COUNTER FRAUD TEAM STRUCTURE 2025/26



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## AUDIT & GOVERNANCE COMMITTEE

4 JUNE 2025

### IMPLEMENTATION OF THE GLOBAL INTERNAL AUDIT STANDARDS IN THE UK PUBLIC SECTOR & INTERNAL AUDIT CHARTER 2025/26

Report by Executive Director of Resources

#### RECOMMENDATION

The committee is RECOMMENDED to:

- a) Note the update on implementation of the Global Internal Audit Standards
- b) Approve the Internal Audit Charter for 2025/26
- c) Note the Quality Assurance and Improvement Programme.

#### Executive Summary

1. This report provides the Audit & Governance Committee with an update on the implementation of the new Global Internal Audit Standards in the UK Public Sector. It presents both the Internal Audit Charter and the Quality Assurance and Improvement Programme for 2026/26. These are subject to annual review.

#### Global Internal Audit Standards (GIAS) in the UK Public Sector

##### Introduction

2. From 1 April 2025 it is expected that internal audit teams in the public sector will be working to the new Global Internal Audit Standards (GIAS) and the Application Note, to be referred to as the Global Internal Audit Standards in the UK Public Sector. These replace the previous Public Sector Internal Audit Standards (PSIAS). Whilst 1 April 2025 is the effective date of the new standards, internal audit teams are not expected to demonstrate full conformance on this date. Internal audit teams are expected to work in conformance with the new standards from 1 April 2025 and by doing so will build up conformance. By the end of 2025/26 when the head of internal audit annual opinion is produced, internal audit should be able to confirm full conformance.

3. The GIAS guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. The new GIAS are organised over 5 domains and have 15 guiding principles across these domains that enable effective internal auditing. Each principle is supported by standards that contain requirements, considerations for implementation, and examples of evidence of conformance. Together, these elements intend to help internal auditors achieve the principles and fulfil the Purpose of Internal Auditing. One of the requirements of the new standards is that the Audit & Governance committee are informed of the new standards and how they will be applied.
4. CIPFA (Chartered Institute of Public Finance and Accountancy) have developed a Code of Practice for the Governance of Internal Audit in the UK Local Government, which is designed to work alongside the new internal audit standards. It is intended to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. It is expected that authorities will be required to explain how they comply with the code within the annual governance statement.

### **Changes to standards**

5. Many of the changes in the new standards are about Internal Audit functions better demonstrating and evidencing its compliance to principals in the standards. As an internal audit team that fully conforms with the previous Public Sector Internal Audit Standards most of the practices are already in place.
6. Examples of changes include:
  - One of the new requirements is a 'mandate' for internal audit. However in local government, internal audit's primary mandate comes from statutory regulations issued by the national governments. This was already referred to in our previous internal audit charter however has been made explicit within our revised internal audit charter for 2025.
  - There is a requirement for an internal audit strategy. We have previously presented the Internal Audit Strategy and Plan to the committee each year, however for 2025/26 this has been strengthened in line with the requirements of the new standards to include the internal audit service vision and objectives.
  - The standards on ethics and professionalism have been expanded including new sections on professional courage and professional scepticism. This will require training for the team and is built in as an action within the Quality Assurance and Improvement Programme for 2025/26.
  - Internal audit plans should support the achievement of the organisation's objectives. We already demonstrate the link by including this within the annual internal audit plan against each audit assignment.

- As well as significant control weaknesses, Internal Audit should identify and communicate to the Audit & Governance Committee and Senior Management the root cause for the issues that are reported. This could also include thematic or systematic issues or actions. Development of improved reporting of root causes is included within the Quality Assurance and Improvement Programme for 2025/26.
7. The changes to standards have required the Internal Audit Charter, template reports/documents and the Internal Audit Manual to be updated. Revisions to the Internal Audit Manual will continue to be made throughout the year as we work through the new standards.
  8. Internal Audit were subject to an external assessment in November 2023 against the previous Public Sector Internal Audit Standards. The results were reported to the Audit & Governance Committee in January 2024 and confirmed that we fully conformed. A detailed self-assessment against the new standards will be undertaken in 2025/26 and reported to the Audit & Governance Committee once complete. The next external assessment will be due in 2028.
  9. Implementation of the required actions to ensure compliance with the new standards will be monitored via the Internal Audit Quality Assurance and Improvement Programme, progress against which is reported to the Audit & Governance Committee.

### **Internal Audit Charter**

10. Global Internal Audit Standards in the UK Public Sector (GIAS) requires that an Internal Audit Charter is in place, which sets out the purpose and mandate of Oxfordshire County Council's Internal Audit function, in accordance with the GIAS. The Internal Audit Charter establishes the position of Internal Audit within the organisation, access and reporting requirements. It also outlines the key responsibilities of the Audit & Governance Committee.
11. Whilst the requirement for an internal audit charter is not new, to evidence conformance with the new standards it has required the charter to be re-written. The new charter follows a recommended template that was issued by the Institute of Internal Auditors, to support the implementation of the new standards. Because the structure and headings of the re-written charter are new, it is difficult to set out each change for comparison however the key points of change are as follows:
  - The previous introduction section has been replaced with the definition of the "purpose of the internal audit function".
  - A commitment to adherence to the new standards is now included.

- The mandate for internal audit is now included. This highlights the requirements for Internal Audit as per the Accounts and Audit Regulations 2015.
  - The previous section on Independence is now broader, covering Independence, Organisational Position and Reporting Relationships.
  - The section on Audit & Governance Committee oversight is now more detailed, although there are no significant changes in context / responsibilities.
  - We have retained the section on Fraud and Corruption which is not including within the recommended template but reflects the organisational arrangement within Oxfordshire County Council whereby the Internal Audit and Counter Fraud functions are managed under the same service.
12. The updated Internal Audit Charter, included in Annex 1 is subject to approval by the Audit & Governance Committee of Oxfordshire County Council on an annual basis, in line with GIAS requirements.

### **Quality Assurance Improvement Programme (QAIP)**

13. The GIAS require that the internal audit activity maintain a Quality Assurance and Improvement Programme (QAIP). This is included within Appendix 2.
14. The Chief Internal Auditor is required to communicate to senior management and the Audit & Governance Committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing monitoring at least annually, internal assessments upon completion and external assessments conducted at least every five years. The QAIP details what will be reported to the Audit & Governance Committee and the frequency.
15. Last year's QAIP for 2024/25, included two opportunities for improvement within the internal audit activity. Implementation of those improvements are as follows:

### **Opportunities for improvement – previously identified for 2024/25:**

<b>Opportunity for improvement</b>	<b>Lead Officer</b>	<b>Target Date</b>	<b>Update</b>
<b>Data analytics</b> - to be embedded into the Internal Audit and Counter Fraud assurance activities.	Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager.	Improvements to assurance activities continue to be embedded throughout 2024/25.	Intended progress for 2024/25 achieved.  The Counter Fraud Intelligence and Data Officer now works across the Internal Audit and Counter Fraud teams.



			<p>Several audits were completed utilising data analytics and full population testing approaches – this led to improvements in the assurance activities.</p> <p>Members of the team have completed specific training, for example Power Bi.</p> <p>This needs to be a continued focus for 2025/26, building awareness and application across the team.</p>
<p><b>Internal Audit Standards</b> – New Global Internal Audit Standards will become effective from 9 January 2025. As a result the UK Public Sector Internal Audit Standards are being reviewed. New material and guidance will start to be issued from September 2024, to be implemented by April 2025. We will need to review our processes within the team and make updates to the Internal Audit Charter, audit manual, etc.</p>	<p>Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager.</p>	<p>New standards implemented across team by April 2025.</p>	<p>Intended progress for 2024/25 achieved.</p> <p>Team now conforming to Global Internal Audit Standards from April 2025.</p> <p>Internal Audit Charter has been updated.</p> <p>This needs to be a continued focus for 2025/26, ensuring full conformance.</p>

16. Opportunities for improvement for 2025/26 have been included within the QAIP in Appendix 2. Progress in implementation of these will be reported back to the Audit & Governance Committee.

## **Financial Implications**

17. There are no direct financial implications arising from this report.  
Comments checked by: Lorna Baxter, Executive Director of Resources  
[lorna.baxter@oxfordshire.gov.uk](mailto:lorna.baxter@oxfordshire.gov.uk)

## **Legal Implications**

7. There are no direct legal implications arising from this report.  
Kim Sawyer, Interim Head of Legal and Governance,  
[kim.sawyer@oxfordshire.gov.uk](mailto:kim.sawyer@oxfordshire.gov.uk)

## **Staff Implications**

18. There are no direct staff implications arising from this report.

## **Equality & Inclusion Implications**

19. There are no direct equality and inclusion implications arising from this report.

## **Sustainability Implications**

20. There are no direct sustainability implications arising from this report.

## **Risk Management**

21. There are no direct risk management implications arising from this report.

NAME: Lorna Baxter, Executive Director of Resources

Annex:	Annex 1:	2025/26 Internal Audit Charter
	Annex 2:	2025/26 Internal Audit Quality Assurance Improvement Programme

Contact Officer: Sarah Cox, Chief Internal Auditor,  
[sarah.cox@oxfordshire.gov.uk](mailto:sarah.cox@oxfordshire.gov.uk)

May 2025

## ANNEX 1:



### Internal Audit Charter for Oxfordshire County Council

The internal audit charter sets out the purpose and mandate of Oxfordshire County Council's internal audit function.

#### Purpose

The purpose of the internal audit function is to strengthen Oxfordshire County Council's ability to create, protect, and sustain value by providing the Audit & Governance Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances Oxfordshire County Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Oxfordshire County Council's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Audit & Governance Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

#### ***Commitment to Adhering to the Global Internal Audit Standards***

Oxfordshire County Council's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements (effective from April 2025). The chief audit executive will report annually to the Audit & Governance Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

## **Mandate**

### ***Authority***

The mandate for Oxfordshire County Council's internal audit function is found in the Accounts and Audit Regulations 2015, which states:

'5. (1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

- (a) make available such documents and records; and
- (b) supply such information and explanations

as are considered necessary by those conducting the internal audit.

(3) In this regulation "documents and records" includes information recorded in an electronic form.'

From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government.

The CIPFA statement on the Role of the Chief Financial Officer (In Oxfordshire County Council that role is fulfilled by the Executive Director of Resources and S151 Officer) in Local Government states that:

Internal audit is an important independent internal scrutiny activity. The Chief Financial Officer must support the internal audit arrangements and ensure that the audit committee receives the necessary advice and information, so that both functions can operate effectively.

The internal audit function's authority is created by its direct reporting relationship to the Audit & Governance Committee. Such authority allows for unrestricted access to the Audit & Governance Committee.

The Council authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.

- Obtain assistance from the necessary personnel of Oxfordshire County Council and other specialised services from within or outside Oxfordshire County Council to complete internal audit services.

### ***Definition of the Chief Audit Executive (CAE)***

Chief Audit Executive describes a person in a senior position responsible for effectively managing the internal audit activity. Within Oxfordshire County Council the Chief Internal Auditor is the designated “Chief Audit Executive”.

### ***Independence, Organisational Position, and Reporting Relationships***

The chief audit executive is positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See “Mandate” section.) The chief audit executive will report functionally to the Audit & Governance Committee and organisationally to the Executive Director of Resources and S151 Officer (who has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal control and proper financial administration of the County Council’s affairs) and the Director of Financial and Commercial Services on day-to-day operations. Both are members of the Senior Leadership Team. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit & Governance Committee, when necessary, without interference and supports the internal auditors’ ability to maintain objectivity.

The chief audit executive has direct access to the Chief Executive who carries the responsibility for the proper management of the County Council and for ensuring that the principles of good governance are reflected in sound management arrangements. The chief audit executive has direct access to the County Council’s Monitoring Officer. The chief audit executive will confirm to the Audit & Governance Committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the Audit & Governance Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function’s effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the chief audit executive, Audit & Governance Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the organisation.
- Significant changes in the chief audit executive, Audit & Governance Committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Audit & Governance Committee Oversight**

To establish, maintain, and ensure that Oxfordshire County Council's internal audit function has sufficient authority to fulfill its duties, the Audit & Governance Committee will:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the chief audit executive has unrestricted access to and communicates and interacts directly with the Audit & Governance Committee, including in private meetings without senior management present.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the chief audit executive and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the chief audit executive to consider changes affecting the organisation, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Provide input to senior management on the appointment and removal of the chief audit executive, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.

- Ensure a quality assurance and improvement program has been established and review the results annually.
- Make appropriate inquiries of senior management and the chief audit executive to determine whether scope or resource limitations are inappropriate.

## **Internal Audit Resources**

The chief audit executive is professionally qualified (CMIIA, CCAB or equivalent), maintains a comprehensive understanding of the Global Internal Audit Standards in the UK Public Sector, has wide internal audit and management experience, reflecting the responsibilities that arise from the need to build and manage an effective internal audit function (including, recruitment, training and development), liaises internally and externally with Members, senior management and other professionals, and demonstrates sound sector knowledge and experience.

Performance of the chief audit executive is monitored and reviewed by the Executive Director of Resources (& S151 officers) and the Director of Commercial and Financial Services.

The Executive Director of Resources (& S151 officer) will provide the chief audit executive with the resources necessary to fulfil the County Council's requirement and expectations to fulfil the audit mandate and delivery of the internal audit strategy. Any resource implications that impact on the delivery of the internal audit mandate will be reported to the Audit & Governance Committee.

## **Chief Audit Executive Roles and Responsibilities**

### ***Ethics and Professionalism***

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behavior that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Internal audit will also have regard to the Committee on Standards of Public Life's Seven Principles, as contained within Oxfordshire County Council's Constitution and Officer's code of conduct:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

## **Objectivity**

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Oxfordshire County Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Oxfordshire County Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, Audit & Governance Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.



- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the Internal Audit Function***

The chief audit executive has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the Audit & Governance Committee and senior management. Discuss the plan with the Audit & Governance Committee and senior management and submit the plan to the Audit & Governance Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit & Governance Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in Oxfordshire County Council's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit & Governance Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards in the UK Public Sector.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit & Governance Committee and senior management.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact Oxfordshire County Council and communicate to the Audit & Governance Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to Oxfordshire County Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be

resolved or documented and communicated to the Audit & Governance Committee and senior management.

- Maintain awareness of the work of other internal and external providers of assurance and advisory services and consider relying upon these where appropriate.

### ***Communication with the Audit & Governance Committee and Senior Management***

The chief audit executive will report at least annually to the Audit & Governance Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit & Governance Committee that could interfere with the achievement of Oxfordshire County Council's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Oxfordshire County Council's risk appetite.

### ***Quality Assurance and Improvement Program***

The chief audit executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal

auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the Audit & Governance Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Oxfordshire County Council; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

### **Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the organisation, including all of Oxfordshire County Council's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit & Governance Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Oxfordshire County Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management. Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Oxfordshire County Council's strategic objectives are appropriately identified and managed.
- The actions of Oxfordshire County Council's officers, directors, management, employees, and contractors or other relevant parties comply with Oxfordshire County Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Oxfordshire County Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.

- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

## **Fraud and Corruption**

The County Council is one of the largest business organisations in Oxfordshire. In administering its responsibilities, the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor. The Council is committed to an effective Anti-Fraud and Corruption culture, Internal Audit fully considers the risk of fraud and corruption when undertaking its activities by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities.

The Council's Anti-Fraud and Corruption Strategy, sets out responsibilities in this area. Internal Audit – Counter Fraud Team within Oxfordshire County Council is responsible for developing and implementing the Anti-Fraud and Corruption Strategy and monitoring the investigation of any reported issues. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this strategy and that action is identified to improve controls and reduce the risk of recurrence. Internal Audit - Counter Fraud Team maintains the fraud log for Oxfordshire County Council. Internal Audit – Counter Fraud Team undertakes investigations into potential financial irregularities. In some circumstances this may be delegated to the service itself following an assessment of risk and financial impact.

Internal Audit – Counter Fraud Team also facilitates Oxfordshire County Council's participation in the National Fraud Initiative (NFI) in which data from the Council's main systems are matched with data supplied from other Local Authorities and external agencies to detect potentially fraudulent activity.

### **Approved by:**

Sarah Cox, Chief Internal Auditor  
Lorna Baxter, Executive Director of Resources (& S151 Officer)  
April 2025.

### **Approved by the Audit & Governance Committee at its meeting on 4 June 2025.**

Councillor Roz Smith, Chair of the Audit & Governance Committee

**Date of next review:** July 2026

# **Oxfordshire County Council Internal Audit - Quality Assurance and Improvement Programme**

## **Introduction**

Internal Audit's Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of Oxfordshire County Council Internal Audit Service that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the Global Internal Audit Standards in the UK Public Sector.
- Operates in an efficient and effective manner.
- Is adding value and continually improving the service it provides.
- The Chief Internal Auditor is ultimately responsible for maintaining the QAIP, which covers all types of Internal Audit activities. The QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments must be undertaken at least once every five years.

## **Internal Assessments**

Internal Assessment is made up of both ongoing reviews and periodic reviews.

### Ongoing Reviews

Ongoing assessments of quality are conducted through:

- Supervision of audit engagements
- Regular, documented review of working papers during engagements by appropriate Internal Audit staff
- Applying relevant audit policies and procedures, including those set out in the Oxfordshire County Council Internal Audit Manual, to ensure applicable audit planning, fieldwork and reporting quality standards are met
- Review of all audit reports and agreed management actions by the Chief Internal Auditor prior to formal circulation.
- Feedback from Customer Satisfaction Questionnaires (CSQs) on individual audit assignments

- Established key performance indicators (KPIs) designed to improve Internal Audit's effectiveness and efficiency. These are signed off each year by the Audit & Governance Committee.
- In assigning audit work to an individual auditor consideration is given to their level of skills, experience and competence and an appropriate level of supervision exercised
- Feedback from CSQs, performance against KPIs and reviews of working papers and audit reports will form part of the discussion during regular meetings / 12:3:2 appraisal/121 discussions.

### Periodic Reviews

Periodic assessments are designed to assess conformance with Internal Audit's Charter and the Global Internal Audit Standards in the UK Public Sector and review the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Periodic assessments will be conducted through:

- Chief Internal Auditor / Audit Manager file reviews to ensure performance in accordance with Internal Audit's Quality Procedures Manual.
- Review of internal audit Key Performance Indicators by the Chief Internal Auditor on a monthly basis, including elapsed time between start of audit and exit meeting, elapsed time between exit meeting and issue of draft report, elapsed time between receipt of management responses to draft report and issue of final report, % of planned activity completed and % of management actions implemented.
- Quarterly activity and performance reporting to the Audit and Governance Committee and Section 151 officer.
- Annual self-review of conformance with the Global Internal Audit Standards. Any resultant action plans will be monitored by the Chief Internal Auditor on a quarterly basis.
- Independent review (every 2 -3 years) of the effectiveness of Internal Audit by the Council's Monitoring Officer, with results reported to and reviewed by the Audit and Governance Committee.

## **External Assessment**

External assessments will appraise and express an opinion about Internal Audit's conformance with the Global Internal Audit Standards in the UK Public Sector and include recommendations for improvement, as appropriate.

An external assessment will be conducted every 5 years by a qualified, independent assessor from outside the Council. The assessment will be in the form of a full external assessment, or a self-assessment with independent external validation. The format of the external assessment will be discussed with the Audit & Governance Committee.

## **Reporting**

Internal Assessments – Quarterly activity and performance reporting to the Audit and Governance Committee and Section 151 officer.

External Assessments – results of external assessments will be reported to the Audit & Governance Committee and Section 151 officer at the earliest opportunity following receipt of the external assessor's report. The external assessment report will be accompanied by a written action plan in response to significant findings and recommendations contained in the report.

Follow Up - the Chief Internal Auditor will implement appropriate follow-up actions to ensure that action plans developed are implemented in a reasonable timeframe.

## Opportunities for improvement – 2025/26

Opportunity for improvement	Lead Officer/s	Target Date
<p><b>Internal Audit Standards –</b> Ongoing review of working practices throughout 2025/25 to ensure full conformance with the new Global Internal Audit Standards in the UK Public Sector.</p> <p>This will include updating the Internal Audit Manual and Internal Audit Charter.</p> <p>A self-assessment against the new standards will be completed during 2025/26.</p>	<p>Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager / Georgina Queripel, Audit Manager</p>	<p>Internal Audit Charter Update – already complete.</p> <p>Internal Audit Manual Update – by end of September 2025.</p> <p>Self-Assessment undertaken – by end of December 2025.</p>
<p><b>Data analytics</b> - to continue to embed into the Internal Audit and Counter Fraud assurance activities.</p> <p>This needs to be a continued focus, building awareness and application across the team. Members of the team will undertake further training.</p>	<p>Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager / Georgina Queripel, Audit Manager / Declan Brolly, Counter Fraud Manager</p>	<p>Improvements to assurance activities continue to be embedded throughout 2025/26.</p>
<p><b>Root Cause Analysis / Reporting themes</b> – as part of the implementation of the new GIAS, internal audit working practices will be reviewed to</p>	<p>Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager /</p>	<p>Improvements to be embedded throughout 2025/26.</p>

<p>ensure root cause analysis is completed and properly documented for each audit assignment. This will require further training for the team.</p> <p>We will review and look to improve how we communicate the root cause.</p> <p>We will review how we communicate themes from multiple engagements including common root causes and significant risk exposures.</p>	Georgina Queripel, Audit Manager	
<p><b>Professional scepticism and professional courage</b> – the new GIAS have expanded “ethics and professionalism” to include new sections and expectations for internal auditors in demonstrating professional courage and professional scepticism. Training in these areas will be provided to the team.</p>	Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager / Georgina Queripel, Audit Manager	End of September 2025.
<p><b>Data Protection</b> – we will review arrangements for internal audit and counter fraud compliance, including electronic document retention and data sharing arrangements.</p>	Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager / Georgina Queripel, Audit Manager / Declan Brolly, Counter Fraud Manager	End of September 2025.

**Signed by:**

Sarah Cox, Chief Internal Auditor

Lorna Baxter, Executive Director of Resources and S151 Officer.

Date approved: April 2025

Date of next review: July 2026



## **AUDIT & GOVERNANCE COMMITTEE**

**4 June 2025**

### **Report of the Audit Working Group 26 March 2025**

#### **Report by Executive Director of Resources**

## **RECOMMENDATION**

1. The Committee is RECOMMENDED to note the report.

## **Executive Summary**

2. The Audit Working Group (AWG) met on 26 March 2025. The group received an update on the implementation of management actions arising from the audit of Strategic Contract Management which was undertaken in 2024/25. The group also received an update from the Counter Fraud Team, on current and recently completed cases and on the development of the counter fraud risk register.

## **Introduction**

3. Attendance:  
Full Meeting: Chairman Dr Geoff Jones. Councillors: Ted Fenton, Roz Smith, Yvonne Constance.

Officers: Full meeting: Sarah Cox, Chief Internal Auditor, Ian Dyson, Director of Financial and Commercial Services, Shilpa Manek, Committee Officer.

Officers: Part meeting: Kim Sawyer, Interim Head of Legal and Governance (and Deputy Monitoring Officer), Sam Egerton, Principal Auditor, Declan Brolly, Counter Fraud Manager.

Apologies: Anita Bradley, Director of Law & Governance and Monitoring Officer, Councillor Glynis Philips.

## **Matters to Report:**

### **Internal Audit of Strategic Contract Management 2024/25**

4. The Internal Audit of Strategic Contract Management was undertaken during 2024/25. The overall conclusion was graded Amber. The audit identified that the aims of the Contract Management Framework, including the Provision Cycle Handbook had not been fully implemented and achieved with inconsistencies in

approach to strategic contract management across the Council. Contract management plans were not in place for all platinum rated contracts and improvements were required to management information and reporting. Spend analysis was hampered by inaccurate data records.

5. The Director of Financial and Commercial Services provided an update on the issues raised and reported that they had been further investigated under the Commercial Transformation Programme which includes a project on Contract Management. The Audit Working Group were also updated that a new Head of Commercial and Procurement has recently been appointed with an expected start date of June 2025.
6. The Director of Financial and Commercial Services reported that the actions agreed within the internal audit report have been superseded by the contract management project and the Audit Working Group reviewed the summary of progress made so far. The Audit Working Group acknowledged the significant work now being led through the Commercial Transformation Programme and were assured that the issues raised within the audit report are going to be addressed.
7. The Audit Working Group requested that officers attend in 6 months to provide an update on the implementation of the improvements to strategic contract management governance and processes.

**Counter Fraud Update – Case discussion and Update on development of counter fraud team risk register.**

8. The Audit Working Group were presented with a detailed report on current case activity and discussed the types of investigations under review, action taken by the counter fraud team, sanctions being pursued, and the work undertaken by the team which addresses any control weaknesses identified through the activity and controls improvement work completed to minimise the risk of reoccurrence.
9. The Audit Working Group were also updated on some of the proactive counter fraud activity being undertaken by the team, including the proactive Blue Badge enforcement exercises, the use of data analytics and counter fraud awareness training.
10. The Audit Working Group were updated on the work currently underway to develop a counter fraud team risk register, which maps counter fraud risk at an organisational and operational level. It was noted that the register has been extended to map where there has been an exposure identified against a particular risk area and also mapping internal audit and counter fraud assurance activity against the risk areas to better inform the risk scoring. The register is used to inform both the proactive activity of the counter fraud team and also feeds into the internal audit planning process. The Audit Working Group were satisfied with the process that had been developed.

## Financial Implications

11. There are no direct financial implications arising from this report.

Comments checked by: Ian Dyson, Director of Financial and Commercial Services [ian.dyson@oxfordshire.gov.uk](mailto:ian.dyson@oxfordshire.gov.uk)

## Legal Implications

12. There are no direct legal implications arising from this report.

Comments checked by: Kim Sawyer, Interim Head of Legal and Governance, [kim.sawyer@oxfordshire.gov.uk](mailto:kim.sawyer@oxfordshire.gov.uk)

Lorna Baxter  
Executive Director of Resources

Annex: None  
Background papers: None

Contact Officer: Sarah Cox, Chief Internal Auditor.  
Email: [sarah.cox@oxfordshire.gov.uk](mailto:sarah.cox@oxfordshire.gov.uk)

March 2025

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## **AUDIT AND GOVERNANCE COMMITTEE – 4 June 2025**

### **Annual Governance Statement 2024/25**

#### **Report by Director of Law & Governance and Monitoring Officer**

#### **RECOMMENDATION**

1. The Audit & Governance Committee is **RECOMMENDED** to approve the Annual Governance Statement 2024/25, subject to the Monitoring Officer making any necessary amendments in the light of comments made by the Committee, after consultation with the Leader of the Council, the Chief Executive, and the Section 151 officer.

#### **Executive Summary**

2. The Audit & Governance Committee has the responsibility of approving the Council's Annual Governance Statement (AGS) each year.
3. Local authorities are required to prepare an AGS to be transparent about their compliance with good governance principles. This includes reporting on how they have monitored and evaluated the effectiveness of their governance arrangements in the previous year and setting out any planned changes in the coming period.

#### **Format of the Annual Governance Statement**

4. The format of the Annual Governance Statement (AGS) reflects the good practice guidance from CIPFA, "Delivering Good Governance in Local Government: Framework 2016 Edition" and further guidance issued in 2022, "Understanding the Challenge to Local Authority Governance" (March 2022). It describes the Council's governance framework, the steps the Council has taken to ensure that it is effective and establishes key actions that it will put in place to ensure the ongoing effectiveness of its arrangements.
5. The AGS includes:
  - An opinion on the Council's governance arrangements for 2024/2025 from the Council's Chief Executive and the Leader of the Council,
  - A review of the effectiveness of the Council's governance arrangements for 2024/2025,
  - A conclusion in relation to the effectiveness of those governance arrangements,
  - A review of the action plan from last year's statement,
  - An action plan for the coming year,
  - An annex summarising the Council's governance framework.

6. The AGS has been prepared in consultation with the Council's Corporate Governance Assurance Group (CGAG), an officer working group, which is responsible for monitoring the Council's governance arrangements during the year. The statement reflects enquiries made of officers with relevant knowledge, experience, and expertise. The review has been undertaken in consultation with the Council's Head of Paid Service, the Monitoring Officer and Executive Director of Resources (S151 Officer) and all Directors.
7. In preparing the AGS, CGAG have had regards to a set of thematic corporate lead statements. These corporate lead statements are produced by service leads describing the governance in place during the 2024/25 year and highlighting areas of focus for 2025/26. CGAG will then monitor these throughout the year.
8. In addition, Director Leadership Teams assessed the level of assurance that they had in their service area regarding colleagues' awareness and compliance.
9. The Strategic Leadership Board (SLB) (comprising the Council's Directors and Statutory s151 and Monitoring Officers) were asked to reflect on their own view of the governance within their service during 2024/2025 when each completing their own Certificates of Assurance.
10. The action plan for 2025/26 highlights certain aspects of governance which CGAG consider require a particular level of focus this year which might not otherwise be apparent from work regularly reported to the Committee. As such, progress reports on these actions will be reported to the Committee throughout the year. The AGS is therefore a means of giving the Committee, and the public, visibility on those areas of focus.
11. Other governance and audit activity across the Council will be reported to this Committee (and to the Audit Working Group) through the normal work programmes.

## **Conclusion**

12. Based on the position outlined in the AGS, the 'Opinion' expressed in the AGS is:

"It is our opinion that the Council's governance arrangements in 2024/25 were adequate and provide a platform for achieving the Council's priorities and challenges in 2025/26."

13. The Committee is invited to approve the AGS.

## **Financial Implications**

14. There are no direct financial implications arising from this report.

Comments checked by:

Drew Hodgson, Strategic Finance Business Partner

[drew.hodgson@oxfordshire.gov.uk](mailto:drew.hodgson@oxfordshire.gov.uk)

## **Legal Implications**

15. The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised. 2.2 In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions.
16. The Accounts and Audit Regulations 2015 require councils to undertake an annual review of their governance. The Regulations require that an Annual Governance Statement, prepared to fulfil this requirement, should form part of the Council's Statement of Accounts. The report is therefore coming to the Committee to meet this purpose and that timescale. A version of the AGS therefore needs to be approved at this meeting.
17. The Regulations also state that the Annual Governance Statement should be prepared in accordance with proper practices. Compliance with the CIPFA guidance (*Delivering Good Governance in Local Government: Framework (2016)*) fulfils this requirement. The AGS put forward with this report is compliant with that guidance/framework and with the updated guidance issued by CIPFA in 2022.

Comments checked by:

Kim Sawyer, Interim Head of Legal & Governance, and Deputy Monitoring Officer

[kim.sawyer@oxfordshire.gov.uk](mailto:kim.sawyer@oxfordshire.gov.uk)

## **Staff Implications**

18. There are no direct staff implications arising from this report.

## **Equality & Inclusion Implications**

19. There are no direct equality and inclusion implications arising from this report.

## **Sustainability Implications**

20. There are no direct sustainability implications arising from this report.

## **Risk Management**

21. There are no direct risk management implications arising from this report.

**Anita Bradley, Director of Law & Governance, and Monitoring Officer**

Annex:                      Annex 1: Annual Governance Statement 2024/25

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June 2025





# **Oxfordshire County Council Annual Governance Statement**

**2024/2025**



**OXFORDSHIRE  
COUNTY COUNCIL**

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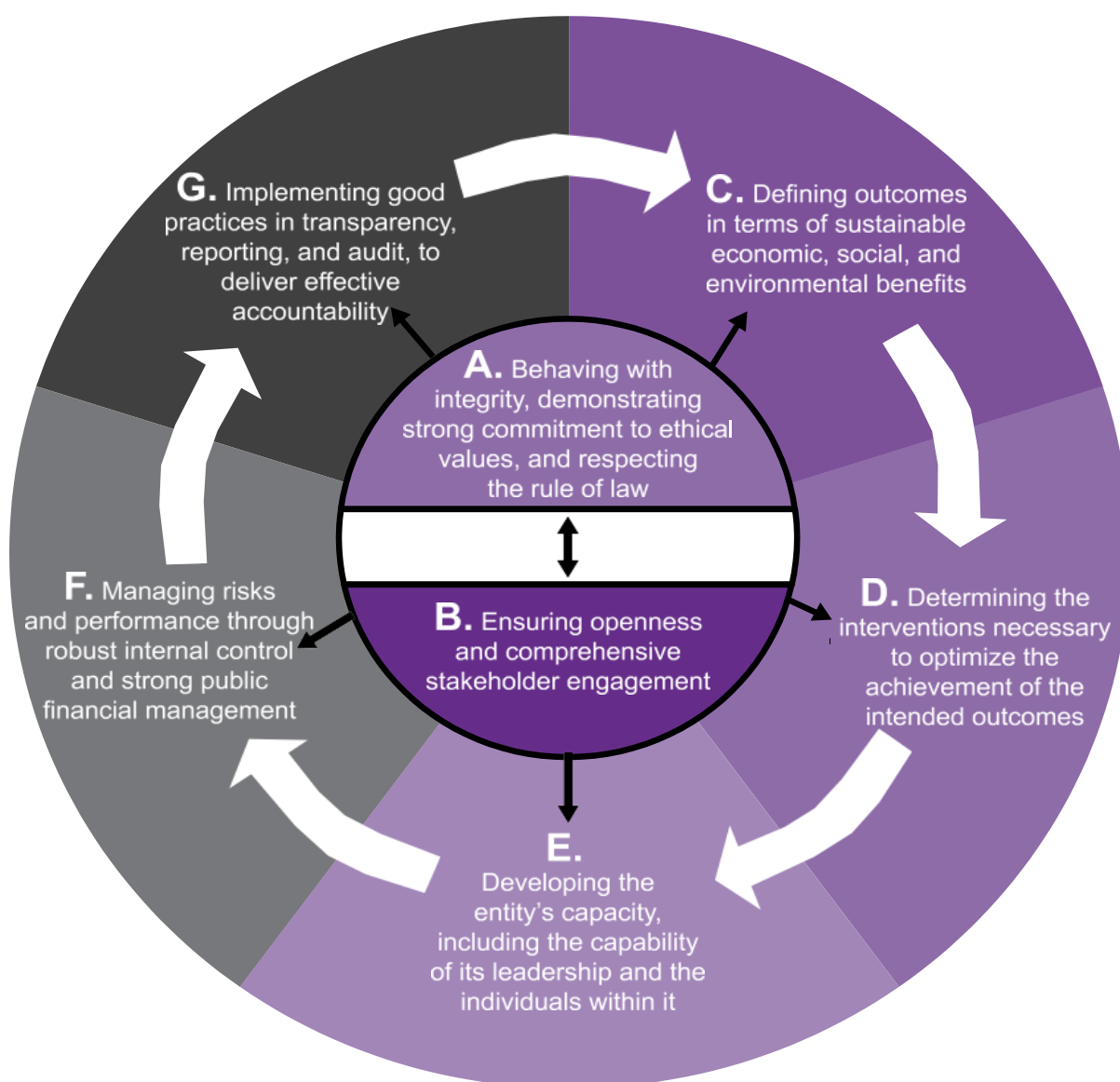
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### Introduction

1. Oxfordshire County Council is obliged to ensure it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensure that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.
2. The purpose of the 2024/25 annual governance statement is to offer a comprehensive overview of the organisational frameworks and practices that ensure adherence to the principles of good governance as outlined by CIPFA Solace. The statement should provide transparency and accountability in decision-making processes, demonstrate robust internal controls, and promote ethical behaviour across all levels of the organisation. Additionally, the statement should provide insights into risk management strategies designed to mitigate potential challenges, outline the effectiveness of stakeholder engagement, and describe how the organisation fosters a culture of continuous improvement. The statement should also reflect on the mechanisms in place for monitoring and reviewing governance performance and highlight any significant changes or developments in the governance structure during the year.
3. In accordance with the Regulation 6 of the Accounts and Audit Regulations 2015, the council has conducted a review of the effectiveness of its system of internal control in accordance with proper practice as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice: Delivering Good Governance in Local Government (2016).
4. Whilst supporting the Council's arrangements for risk management, the governance framework cannot eliminate all risk to the achievement of policies, aims and objectives and this review can therefore only provide reasonable and not absolute assurance of effectiveness.
5. Similarly, this review provides assurance that the council has in place appropriate processes to ensure transparency and democratic oversight in decision making.
6. This statement is guided by CIPFA Advisory Note One, "Understanding the Challenge to Local Authority Governance" (March 2022) and describes the council's governance framework, the steps that have been taken to ensure that it is effective and establishes key actions that will be put in place to ensure the ongoing effectiveness of the council's arrangements.
7. The review reflects enquiries made of officers with relevant knowledge, experience, and expertise. The review has been undertaken in consultation with the Council's Head of Paid Service, the Monitoring Officer, and the Executive Director of Resources (Section 151 Officer).

### Governance Framework

8. The governance framework at Oxfordshire County Council comprises the systems and processes, culture, and values which the council has adopted in order to deliver on the principles in the below diagram, (as taken from the [International Framework: Good Governance in the Public Sector](#) (CIPFA/IFAC, 2014) (the 'International Framework')). This illustrates the various principles of good governance in the public sector and how they relate to each other).
9. The council has a separate code of governance, "[the Oxfordshire Code of Corporate Governance](#)" which is consistent with the principles of the CIPFA/SoLACE framework (2016). This is updated each year, approved by the Audit & Governance Committee and evidence actively collated and assessed for compliance. Compliance with the code was reported to the Audit and Governance Committee on 12 March 2025.

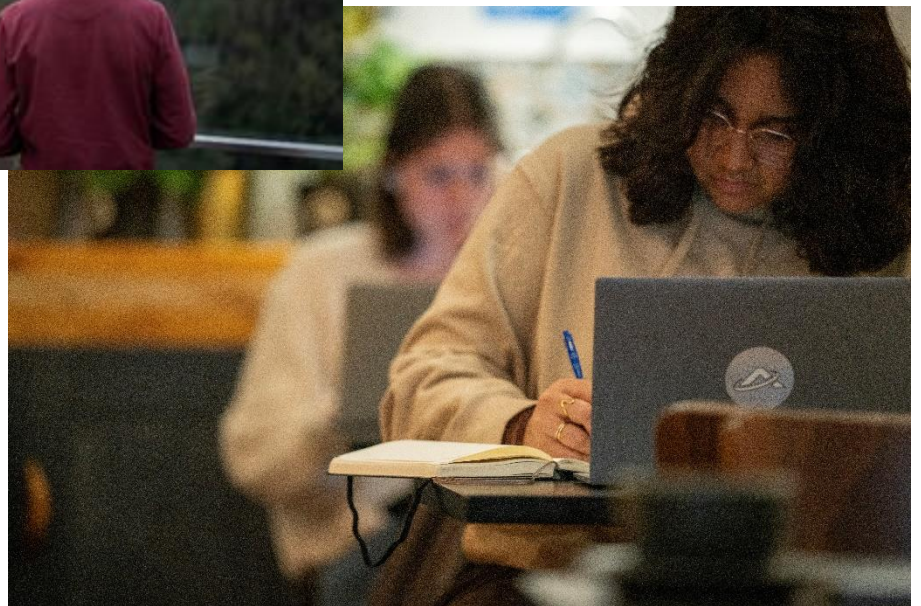


10. This Statement provides:

- a) An *opinion* on the Council's governance arrangements from the Council's Senior Officers, and signed by the Chief Executive and Leader of the Council



- b) A review of the *effectiveness* of the Council's governance arrangements during 2024/25
  - c) A *conclusion* in relation to the effectiveness of the Council's governance arrangements
  - d) A review of the *action plan* completed in 2024/25
  - e) An *action plan* for 2025/26
  - f) An *annex* summarising the Council's governance framework.
11. As previously stated, the Annual Governance Statement is required by Regulation 6 of the Accounts and Audit Regulations 2015 and follows the best practice guidance from the Chartered Institute of Public Finance and Accounting.



## Assurance Statement

12. It is our opinion that the Council's governance arrangements in 2024/25 were adequate and provide a platform for achieving the Council's priorities and challenges in 2025/26.

## Signatures

Signed on behalf of Oxfordshire County Council:



Martin Reeves  
Chief Executive



Councillor Liz Leffman  
Leader of the Council

## Reviewing Our Effectiveness During 2024/25

### Overview and review of overall effectiveness

13. The Council reviewed its overall effectiveness through an assessment of governance in all Services in late 2024 / early 2025. This required Directors to each work with their Leadership Teams to assess the level of assurance that they had in their service area regarding colleagues' awareness and compliance in the following areas:
- a) General Corporate Governance
  - b) Business Continuity
  - c) Customer Focus
  - d) Finance and Financial Management
  - e) Health and Safety
  - f) Human resources & Organisational Development
  - g) Information, Technology, Innovation and Digital
  - h) Information Services
  - i) Legislation
  - j) Performance Management
  - k) Procurement and contract management
  - l) Property and security
  - m) Risk Management
14. In addition to these assurance surveys, corporate lead statements were produced by service leads describing the governance in place during the 2024/25 year and highlighting areas of focus for 2025/26. Statements were produced for areas as noted above at paragraph 13.
15. The Council's Corporate Governance Assurance Group (CGAG), an officer working group, chaired by the Director of Law & Governance and Monitoring Officer, will monitor any areas of focus throughout the year.
16. Any areas where issues were identified for development or improvement have been considered and will form part of the action plan for 2025/26.
17. In relation to the completion of the action plan for 2024/25, five of the seven action points were completed, with two requiring further work to be undertaken during 2025/26. The status of these actions is outlined in ***Annex 1***. The progress on these actions was reported to the Audit and Governance Committee throughout the year.
18. Specific action points for 2025/26 are set out in ***Annex 2***. The Council believes these actions will help to establish some improved practices arising out of its active learning and experience in 2024/25.
19. Details of how the Council's governance proved effective during 2024/25 can be found under the Service Issues section below (paragraph 66 onwards).

### Governance Actions – Review of 2024/25 and priorities for 2025/26

20. The two annexes to this Annual Governance Statement summarise:

**Annex 1:** updates on the priority actions for 2024/25

**Annex 2:** actions for 2025/26

21. The Actions for 2024/25 in **Annex 1** highlight certain aspects of emerging governance that might not otherwise be apparent from work regularly reported to the Council's Audit & Governance Committee. As such, progress reports on these actions are reported to the Committee through the year. The Actions for 2025/26 in **Annex 2** will be monitored by the Corporate Governance Assurance Group (CGAG), and the Audit & Governance Committee.
22. Other governance and audit activity across the Council will continue to be reported to the [Audit & Governance Committee](#) through its normal work programmes

### Governance in Outline

23. **Annex 3** sets out the Council's governance framework in outline. This framework was reviewed and updated in March 2025, by the Corporate Governance Assurance Group (CGAG).





## Our Ambitions and People



### Our strategic plan 2023 – 2025

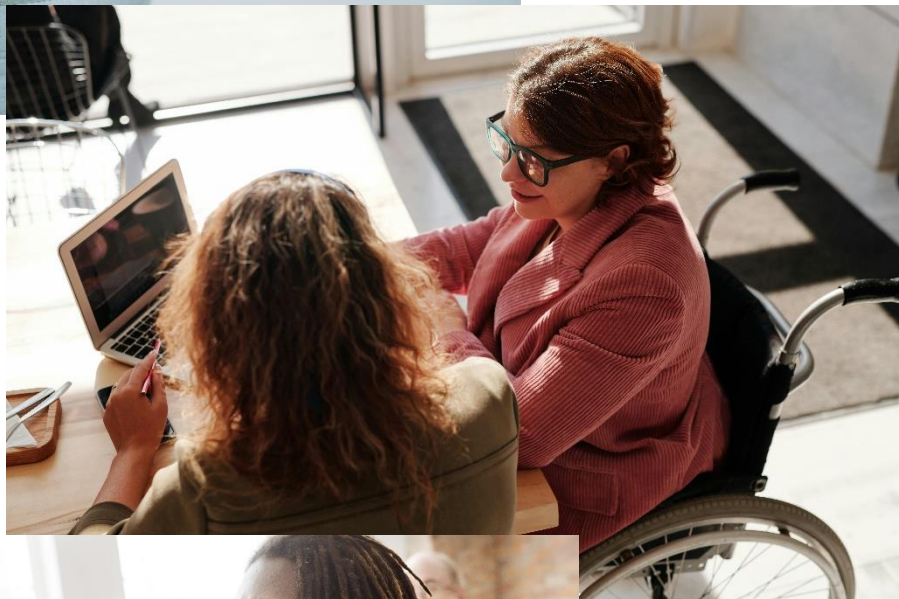
24. The Council's strategic plan 2023 – 2025 sets out a vision to lead positive change by working in partnership to make Oxfordshire a greener, fairer, and healthier county.

25. The strategic plan sets out nine cross-cutting priorities and commitments to achieve the vision and the areas of focus. Our nine priorities are:

- i. Put action to address the climate emergency at the heart of our work.
- ii. Tackle inequalities in Oxfordshire.
- iii. Prioritise the health and wellbeing of residents.
- iv. Support carers and the social care system.
- v. Invest in an inclusive, integrated and sustainable transport network.
- vi. Preserve and improve access to nature and green spaces.
- vii. Create opportunities for children and young people to reach their full potential.
- viii. Play our part in a vibrant and participatory local democracy.
- ix. Work with local businesses and partners for environmental, economic and social benefit.

26. The plan sets out how the Council aims to achieve each priority and ways in which it will work with partners to create a more joined-up approach to delivering services.

27. Performance in delivering the overall strategy, including progress towards targets, supporting performance measures and budget, are reviewed regularly and communicated through the county council's business management and monitoring reports (BMMR).
28. The reports are then reviewed by the council's strategic leadership team, Cabinet, and by the Performance and Corporate Services Overview and Scrutiny Committee.



# DELIVERING

the Future Together

## Delivering the Future Together 2024/25

29. Over the past twelve months, Delivering the Future Together has evolved from a standalone programme of work into our internal vision for success and underpins everything we do.
30. We are on a journey to Deliver the Future Together and become an employer, partner and place shaper of choice. We are united in our commitment to support Oxfordshire's communities and help make the county a greener, fairer and healthier place.
31. Our five values underpin how we work with one another, with our partners and our residents:
- a) Always Learning.
  - b) Daring to do it differently.
  - c) Be kind and care.
  - d) Equality and Integrity in all we do.
  - e) Taking Responsibility.
32. Our network of more than 200 Delivering the Future Together Champions represents every service area. They are ambassadors for our values and help champion new ways of working.
33. To learn about our recent achievements and the difference we are making, [read our latest annual report](#). Some of recent highlights in 2024/25 include:
- a) Becoming a Council of Sanctuary, recognising our commitment to supporting refugees and asylum seekers.
  - b) Launching our Energy Saver App, helping residents save on their energy bills and reduce household emissions.
  - c) Holding our first citizens' assembly, bringing residents together to tackle the county's transport challenges.
  - d) Transforming our customer services by introducing Zoom.
  - e) Being one of the first councils to sign UNISON's anti-racism charter

## Our statutory governance roles

34. The Council is required to appoint to three specific posts, each of which oversees a key aspect of the Council's governance.

- i. **Head of the Paid Service** (HOPS) role; responsible for how the Council's functions are delivered, and the appointment and proper management of staff.  
– Throughout 2024/25 this has been and remains **Martin Reeves, Chief Executive**.
- ii. **Monitoring Officer** – and the Council's Director of Law and Governance and Monitoring Officer, throughout 2024/25 has been and remains **Anita Bradley**.
- iii. **'Section 151 Officer'** – the Chief Finance Officer, and Executive Director of Resources, throughout 2024/25 has been and remains **Lorna Baxter**: responsible for the financial management of the authority.

### Deputy Chief Executives

35. The following two Executive Director roles are identified as Deputy Chief Executives providing direct support to the Chief Executive.
36. The **Executive Director of People & Transformation** and The **Executive Director of Resources**.
37. Each of the above postholders are an integral member of the Council's Strategic Leadership Team (SLT). As such, they are fully sighted on the Council's objectives, workstreams and emerging plans; and their perspectives and voices continue to be heard in, and to influence, this senior forum. In line with best practice, the Chief Finance Officer and the Monitoring Officer report directly to the Chief Executive.
38. The Executive Director of Resources and the Monitoring Officer both have open access to the Chief Executive at all times and meet regularly as statutory officers, together with the Executive Director of People & Transformation. The Executive Director of Resources and the Monitoring Officer carry a statutory responsibility to report issues to the Council, if needed. As such, these posts remain pivotal to the Council's good governance.
39. In July 2024 Lawyers in Local Government (LLG), CIPFA and SOLACE launched a new Code of Practice on Good Governance for Local Authority Statutory Officers following an extensive consultation process with the sector. The Code of Practice for Good Governance sets out expectations for the Chief Executive, Chief Financial Officer, and the Monitoring Officer in local authorities. The Code aims to support these roles to work effectively together and deliver good governance. They must recognise their responsibilities, understand the separation of powers, and display good governance. As there are higher expectations from individuals in these roles, the Code considers the seven Nolan Principles in conjunction with the "Golden Triangle"<sup>1</sup> to advise and guide them. The Seven Principles of the Golden Triangle are as follows:

- a) Respect Roles and Responsibilities

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<sup>1</sup> The Golden triangle is the trio of statutory officers at the top of a local authority – the Head of Paid Service (typically the CEO), The s151 officer (typically the CFO or Director of Finance), and the Monitoring Officer. These roles are crucial for the governance and decision-making processes within a local authority – LLG.



- b) Act Wisely: A duty of enquiry and the exercise of statutory functions
- c) Be Robust in working arrangements
- d) Resource up: Get the tools to do the job
- e) Build resilience: Appointing Deputies
- f) Champion good decision making
- g) Effective Oversight: External companies and entities of the authority

40. The Council considers that it meets all the Principles and Best Practice set out in the Code and will continue to undertake an annual self-assessment against the Code.

### Strategic Leadership Team

41. In February 2024 following a review of the leadership structure of the Council, a decision was taken to extend the membership of the Strategic Leadership Team (SLT) to include all Service Directors. In turn this led to the decision to stand down the Council Management Team (CMT) which was established in 2023. The refreshed SLT comprising the fifteen most senior leaders will assume responsibility for the business previously taken through CMT, through a revised SLT Business process.

### Risk Management

42. Throughout 2024/25 the Executive Director of Resources & Section 151 Officer had overarching responsibility for risk management. This function is led by the Head of Insight and Corporate Programmes and managed on a day-to-day basis by the Performance and Insight Team Leader.

43. The [Risk and Opportunities Management Strategy](#) was approved by the Audit and Governance committee and published in May 2023. This Strategy was developed with considerable input from SLT.

44. The Strategy is the foundation for the Council's approach to risk and opportunity management for the performance and risk management environment. This strategy is reviewed and updated where necessary on an annual basis. As well as collectively owning and supporting, the Strategic Leadership Team (SLT) worked closely with the performance and Insight team to help implement the Strategy and embed risk management in the Council's everyday business delivering against the strategic priorities.

45. This strategy outlines the process of Identification, Assessment, Managing and Controlling and Review and Reporting of risks across the council. The following systems/mechanisms to ensure internal control have been in place throughout 2024/25 and are captured within the Strategy.



46. Cabinet is responsible for approving the Risk and Opportunities Management Strategy. The Audit and Governance Committee considered the draft Strategy and provided input and comments to Cabinet ahead of its approval. The Head of Insight and Corporate Programmes and Performance Team Leader supports the Group and services giving assurance around the escalation process into the Strategic risk register as necessary. The services are responsible for their operational risk registers.
47. The Performance and Insight team leader is working across all services, completing health checks to identify training needs and embed risk awareness and understanding of escalation and the link with 4-year business planning cycle.

### Internal Audit in 2024/25

48. The 2019 CIPFA Statement on the “Role of the Head of Internal Audit in public service organisations” outlines the principles that define the core activities and behaviours that belong to the role of the ‘Head of Internal Audit’ and the governance requirements needed to support them. The Council’s arrangements conform with the governance requirements of the CIPFA statement with our Chief Internal Auditor carrying out the following:
- a. objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control
  - b. championing best practice in governance and commenting on responses to emerging risks and proposed developments.
  - c. being a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee.
  - d. leading and directing an internal audit service that is resourced appropriately, sufficiently, and effectively.
  - e. being professionally qualified and suitably experienced.
49. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The self-assessment against the standards is completed on

an annual basis. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This took place in November 2023 and the results were reported to the Audit & Governance Committee in January 2024. This confirmed that the “service **fully conforms** to the requirements of the standards. There were no areas of either partial or non-conformance with the standards identified and no recommendations arising. From April 2025 the Public Sector Internal Audit Standards will be replaced by the Global Internal Audit Standards in the UK Public Sector.

50. The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2025, there is satisfactory assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control. Where issues have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.
51. As part of governance arrangements between Oxfordshire County Council and the Hampshire Partnership/Integrated Business Centre (IBC), Hampshire provide annual assurance on the adequacy and effectiveness of governance, risk management and control from the work carried out via the IBC. This is provided through a commissioned Service Organisation Controls review under ISAE 3402. (International Auditing and Assurance Standards Board –which provides a framework for reporting on the design and compliance with control objectives related to financial reporting). The report for 2024/25 concludes that the key financial system controls were suitably designed and operated effectively, with no exceptions noted.
52. Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team and the Audit Working Group. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

### Financial Management Code ('FM Code')

53. A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. In accordance with the CIPFA Financial Management (FM) Code, local authorities should disclose compliance with the FM Code in the AGS and identify any outstanding areas for improvement or change.
54. There are clear links between the FM Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As set out in the council's Financial Strategy for 2025/26, an assessment has been made of the Council's current compliance with the Code for 2024/25 (See Annex 4).
55. The assessment identified that 15 of the 17 standards were assessed as green and two as amber meaning that compliance can be evidenced.

56. The two standards assessed as amber (see references A and E in the assessment at annex 4) are expected to be addressed through the council's Commercial Transformation Programme and the Business Services Transformation Programme and the council's strategy for data and insight.

## Procurement and Contract Management

57. The Procurement Act 2023 received royal assent in October 2023 and came into force on 24 February 2025. This legislation is applicable to all new procurement activity from 24 February 2025 onwards. The procurement team and legal teams have attended training given by central government to ensure that they are all aware of the new legislation how it would apply to the Council's procurement activities. This knowledge and information is being shared with colleagues across the Council and the Contract Procedure Rules have been amended as necessary to be compliant with the change in legislation.
58. The Commercial Board was established in January 2024 to challenge and discuss all new tender requirements and contract renewals. Membership currently comprises the Director of Financial and Commercial Services (Chair), Head of Commercial and Procurement Service, Head of Legal and Governance or named substitute, Head of Law and Legal Business Partner (Contracts and Conveyancing), Head of Climate Action, Head of Highway Maintenance, Capital Programme Manager, Head of Innovation and Strategic Property Advisor (consultant). Services present tender requirements, contract renewals in excess of £1m and income generating opportunities to this group to ensure that the most commercial route forward is identified wherever possible. It also provides an opportunity to identify any cross-directorate synergy and opportunities not easily seen at operational level.

## Customer Experience

59. The Customer Experience function can be split into two areas for governance, the Customer Service Centre (CSC) and the Continuous Improvement Team (CIT). Both areas have their own governance structure with overall responsibility from the CSC Management team which comprises the Director for Transformation, Digital and Customer Experience, Head of Customer Experience, Service Delivery Manager and Quality & Performance Manager.
60. The Council's operating model has determined that customer contact work should be assessed for self-service opportunities, automation and if any processes should be dealt with by the CSC and a transformation programme is in place. This aspect forms one part of the wider 'Improving the Customer Experience' strategy which is now embedded in the Council's transformation agenda.
61. As part of the new ways of working to deliver the future together, there is now an 'Improving the Customer Experience' programme board which is responsible for the development of the council's customer experience approach.



## Devolution and Local Government Reorganisation

62. The council is addressing significant opportunities and challenges related to devolution and local government reorganisation.
63. In December 2024 the Government published the Devolution White Paper, outlining significant reforms to local government, marking the most substantial changes since the Local Government Act 1972. The paper advocates for the creation of new unitary authorities in two-tier areas like Oxfordshire and Strategic Authorities across England, with a strong emphasis on the mayoral model of devolution.
64. In January 2025 the Cabinet resolved to request a place on the local government reorganisation and devolution fast track programme, however in February 2025 the Government informed Oxfordshire County Council that it had not been successful in obtaining a place on the fast track and that elections would go ahead as scheduled on 1 May 2025. At the same time, the County Council and all other Councils in Oxfordshire were sent the statutory invitation to prepare proposals to reorganise local government across Oxfordshire. The Cabinet submitted three proposals to Government in March 2025, indicating a preference by the County Council for a single county unitary.
65. Oxfordshire County Council continues to work on its proposals for local government reorganisation and devolution to a new strategic authority. The timetable for local government reorganisation is tight, with final proposals due in November 2025, an expected decision in Spring 2026 from Government on the new structure for Oxfordshire, the creation of a shadow authority by April 2027, elections to the shadow authority in May 2027, and the new authority becoming operational in April 2028. Whilst there is no fixed timetable for devolution it is expected that an initial proposal will be submitted by the Autumn 2025.

## Service Issues

### Human Resources

66. The Our People and Culture Strategy outlines the vision of the service which is “We develop and maintain a high performing, innovative, highly engaged and agile teams, employing the best people, and reflecting the communities we serve. We nurture an environment that supports diversity, equality and inclusion, and allows all our employees to bring their whole selves to work to deliver great services for our Oxfordshire residents.”
67. HR policies and procedures that aim to support staff and managers on workforce matters are available on the intranet. These policies are subject to regular review and are updated to ensure compliance with relevant legislation where applicable. As well as ensuring compliance with employment legislation the policies and procedures aim to reflect good employment practice and support fairness and consistency as part of our inclusive culture. The Our People and Culture Strategy consists of a programme of work to modernise and update existing policies and procedures and develop new

policies and procedures to support current employment challenges to ensure managers are provided with more practical advice about their responsibilities for managing their teams and services.

68. A new recruitment applicant tracking system (ATS), Tribepad, was introduced in August 2024. All recruitment is now completed in house (previously through a self-service system called the Integrated Business Centre (IBC)). A new team has been recruited and are being trained to enhance and improve the new recruitment requirements of the organisation. The team are working to continuously enhance and improve the new processes as a second phase of the ATS project.
69. A new managed service provider, Hays Specialist Services commenced on 25 November 2024 to provide more direct filling of agency worker requirements at a reduced cost.
70. IR35 legislation requires employers to monitor future and existing use of self-employed workers. Steps to ensure IR35 assessments are carried out for every agency/interim worker and will continue in line with any legislative requirements. In February 2025 additional training was provided to over 130 managers to further improve understanding of IR35.
71. The Learning and Development (L&D) plan is aligned to business priorities through a stakeholder engagement process. The stakeholder group is regularly reviewed to ensure robust engagement across the organisation. During 2024-25, the L&D plan was reviewed and signed off by each Service Leadership Team ensuring plans are aligned to business priorities. L&D funding is continually being reviewed to ensure delivery for high priority / high impact development. For mid-2025 the council will have created a new operating model within HR with the focus to further drive needs-based learning aligning to business priorities.

### Capital Governance

72. Since the introduction of new governance measures in 2022, there has been a commitment to continuously improve upon what is already in place. An ongoing programme of work is aiming to build upon these foundations, enabling efficiency, transparency, and effectiveness across all areas of Capital Programme governance. Since the last report, a new reporting tool has been implemented across the capital programme, providing enhanced visibility of projects and programmes in delivery. Comprehensive reporting now enables programme boards to exercise better control over delivery of projects and programmes. Additionally, a new centralised repository has been established for all pre-pipeline capital schemes. This provides an organisation-wide view of all pre-pipeline capital schemes, enabling senior leaders to take proactive decisions to expedite priority schemes into delivery and to take early action to address barriers to delivery. A comprehensive review is currently being undertaken to redefine workflows, gateways and governance with a particular focus on pre-pipeline activity. Once complete, the Capital Governance Handbook will be refreshed to include this updated information.
73. There are Capital Programme Boards established for Major Infrastructure, Highways, Property, IT & Digital and Environment & Climate which report into the Strategic

Capital Board (SCB), chaired by the Executive Director of Resources and Section 151 Officer. The SCB meets monthly and provides a collective officer oversight of capital projects within the Capital Programme. The Board functions as an internal governance requirement, complementary to the Council's democratic process and makes recommendations to an executive decision-maker to an Officer, Cabinet Member or Cabinet.

74. The Board oversees the performance of the Council's Capital Programme and addresses risks and / or issues through reporting with a focus on variations in time, scope, and cost, ensuring the programme delivers value for money and reflects the strategic priorities of the Council. It also reviews the drafted annual Capital Programme ahead of consideration and approval by the Council as part of the business planning process. The Board may also recommend to executive decision-makers, any new in-year additions to the Capital Programme that are greater than £500,000 that have not been considered through the annual business planning process.

### Adult Social Care

75. Adult Social Care (ASC) continues to make a positive impact on people's lives, by delivering its vision 'The Oxfordshire Way' which focuses on supporting people to live well in their community, remaining independent for as long as possible. The Community Capacity Grant and Connect Communities Fund, co-funded by Adult Social Care and Public Health, are prime examples of how ASC is implementing this vision. These funds, totalling £500,000, along with an additional £97,000 raised by donors from the Oxfordshire Community Foundation, have supported 94 projects aimed at ensuring residents have access to essential services within their communities. The primary goal of these initiatives is to promote independence among residents and reduce their reliance on formal statutory services.
76. Alongside this ASC has had great success in reducing the number of people awaiting a social care assessment, down 77% compared to April 2021. The longest waiting time has also fallen in the same period by 80%. The Discharge to Assess approach continues to support a high proportion of people to return directly to their own homes and access reablement following a hospital stay, with 25% more people discharged home from hospital this year compared to last and 85.5% of people achieving independence or a reduction in the amount of care support they require.
77. The Health and Care Act 2022 introduced a new duty for the Care Quality Commission (CQC) to independently review and assess how local authorities are delivering their Care Act functions. In January 2025, the CQC conducted an on-site Local Authority Assessment in Oxfordshire. A total of 179 individuals were interviewed, including leadership, officers, residents, local partners and service providers. This assessment provided a valuable opportunity to celebrate the service's successes and discuss areas where the Council is committed to further development. The final assessment report is expected in early 2025/26.

### Children and Young Peoples Services

78. Performance and management of outcomes for the Children's Education and Families service (CEF) continues to be statutorily compliant. The service performance is maintained from the good rating in the Inspecting Local Authority Children's Services (ILACs) inspection of February 2024, the service's ongoing progress is sense checked against a range of performance data and quality assurance mechanisms, including external peer reviews.
79. Key performance indicators across CEF continue to benchmark well with statistical neighbours and those Local authorities judged good or better.
80. The SEND Improvement and Assurance Board continues to report to the [Department for Education](#) and NHS England. This involves a number of deep dives and stocktake reviews of progress and evidence against an improvement framework. The outcome of which has shown incremental progress and improvement since the July 2023 inspection.
81. Internal governance and leadership stability has increased as a result of a 2024/25 continuous improvement plan and permanency in the senior leadership.

### Economy and Place

82. Developer Funding - Oversight and delivery of s106 and related infrastructure funding has been subject to significant review of processes, governance, and improvement to the visibility. This programme of work was reported into the Place Overview and Scrutiny Committee in April and November 2024, with a written update received in February 2025 (having first been brought to Committee in December 2023). Increased transparency and use of data will improve leadership grip of delivery and enable members to more effectively hold the council to account.

### Environment and Highways

83. During 2024/25 a new Highways Maintenance Contract was procured and awarded, commencing 1 April 2025.

### Public Health

84. In 2024/25, Oxfordshire launched its Marmot Place Programme, including stakeholders from across health, care, academia, and communities. There are three Marmot principles which will form the initial focus on this work and the governance for delivery of the programme is currently being put in place. This includes work programmes for each of the three principles, with support from the Marmot Steering Group, and oversight from the Marmot Advisory Board. The Advisory Group met for the first time in March 2025.
85. The launch of the 2024-2030 Health and Wellbeing Strategy [New strategy aims to improve health outcomes for all](#) - The strategy has 10 priorities derived from the Joint Strategic Needs Assessment and collaboratively agreed upon following a public and partner consultation that included over 400 responses as well as proactive

engagement with over 1,000 residents, many from seldom heard communities. An outcomes framework was agreed in March 2024 that are monitored by a range of partnership forums relevant to the indicator with overall accountability held by the Health and Wellbeing Board.

### Law & Governance

86. The Monitoring Officer provided her [annual report to the Audit and Governance Committee](#) on the Council's governance arrangements. This review was formally reported to and endorsed by the Audit & Governance Committee on [18 September 2024](#). This report confirmed the progress in maintaining democratic accountability and transparency, with members continuing to undertake their role as community leaders.
87. The Constitution Working Group met between November 2024 and February 2025 and proposed amendments to the Constitution. A small number of additional changes were agreed by the Audit & Governance Committee and the Oxfordshire Health & Wellbeing Board ahead of presenting a report of all proposed amendments to Council on 1 April 2025 which was approved. The Constitution has been updated to reflect these changes. The Democratic Services team has a working group to effect these changes to the decision-making processes of the Council.
88. Schemes of Delegation are set out in the Constitution as standing delegations. Services operate their business by way of sub-delegations. These sub-delegations are required to be recorded by the Directors and a public document held by the Director of Law and Governance and Monitoring Officer. The Director of Law and Governance is assisting Directors to record their sub-delegations following changes to the Council's structure from the Tier 3/ 4 restructure, implemented on 16 December 2024. Updated schemes of delegations will be completed during 2025-2026.
89. The county council elections will be held on 1 May 2025. County elections are held every 4 years. These elections will determine the political composition of the county council. The outcome will influence policy priorities and the allocation of resources, impacting the day-to-day lives of residents. As new councillors take office on 6 May 2025, their visions and mandates will steer the county's direction.
90. Key officers within the council have completed CIPFA's online whistleblowing training. Internal Whistleblowing Training is in development following the refresh of the council's whistleblowing policy and will be rolled out via the council's learning platform during 2025/26.
91. A review and update of the Conflicts of Interest and Gifts & Hospitality policies has been completed.
92. Information Governance - The Information Governance Board chaired by the Director of Law and Governance and Monitoring Officer met on a regular basis to ensure that the Council has adequate arrangements for data protection and information security. The Board includes the Senior Information Risk Owner (SIRO), Caldicot Guardian and Data Protection Officer and reports to the SLT. The Information Governance Group

has an operational role in looking at data breaches and security incidents in more detail and highlighting risk areas that need to be addressed through Council-wide training. The Group comprises representatives from across the Council and refers matters to the Board as appropriate.

### Fire & Community Safety

93. In the past year, Oxfordshire County Council's Fire and Community Services have continued to uphold the highest standards of safety and service delivery. A significant milestone was the inspection conducted by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) in early 2024. The inspection highlighted the strengths of the service, including operational response, prevention and protection services, and the culture within the organisation. The governance of the improvement actions is overseen by the Fire Improvement Board, supported by the HMI Service Liaison Lead and the executive leadership of the council. This structured approach ensures that the service continue to meet the improvement expectations set out by HMICFRS.
94. The Oxfordshire Fire and Rescue Community Safety Plan outlines the strategic priorities and long-term plans for managing and reducing risks from fire, road traffic collisions, and other emergency incidents within Oxfordshire. This plan is a cornerstone of the council's commitment to protecting the community, reducing harm, and saving lives through a combined approach of protection, prevention, and response. It also supports local and national resilience as detailed in the Civil Contingencies Act. The plan sets out clear objectives and performance measures, ensuring that the council remains accountable and transparent in its service delivery. By aligning efforts with the Community Safety Plan and the Oxfordshire County Council Strategic Plan, the council is dedicated to fostering a safer and more resilient Oxfordshire for all residents.

### Inspections Review: Readiness and Sharing Learning

95. A review of inspections activity across the Fire Service, Adult Social Care and Children, Education and Families was conducted from November 2024 to February 2025. This sought to understand how learning is currently shared following inspections, along with strengths and development areas in the council's approach to inspections more generally.

Stakeholders were interviewed, which identified a variety of inspection experience and maturity across the organisation. There are opportunities for more mature areas to collaborate with others to share their expertise, which has been done effectively between Children Education & Families and Adult Social Care to support the recent CQC inspection, particularly around logistics.

96. The recommendations include creating a mechanism to share inspection recommendations across different assurance leads, and providing opportunities for assurance leads to share lessons learned. Other recommendations include exploring digital solutions for data and document collection, and internal communications and



Delivering the Future Together campaign to encourage a whole-council approach to inspections. An action plan has been created for 2025/26.

## **Enterprise Oxfordshire & establishment of a shareholder committee**

97. Triggered by a change in Government policy announced during the spring budget in 2023 – from 1 April 2024 – it was decided at a national level that the function of Local Enterprise Partnerships, would be delivered through a mechanism agreed by respective upper-tier local authorities.
98. On 1 April 2024 Oxfordshire Local Enterprise Partnership Limited (OxLEP) became a county council owned company.
99. In November 2024, an agreement with Oxfordshire County Council was reached, ensuring OxLEP could continue to deliver economic development functions across Oxfordshire and from 1 April 2025, it will trade under the name of Enterprise Oxfordshire.
100. By reaching this agreement, OxLEP can continue to provide business, skills, investment, and trade support services to the county's business community. Additionally, it will support various plans aimed at ensuring Oxfordshire's economic potential is achieved sustainably and inclusively, benefiting businesses, communities, and the environment.
101. While restating its expectations that functions previously held by Local Enterprise Partnerships (LEPs) continued, Government confirmed in March 2025 that there will be no further funding available, with the responsibilities shifted to upper-tier authorities.
102. During 2024/25 revised governance and board membership arrangements were developed and reported to Cabinet in November 2024, with a Shareholder Committee established from December 2024 to exercise the council's shareholder functions for OxLEP (renamed Enterprise Oxfordshire from April 2025) and any other future company structures developed or joined.
103. Income and spending for 2025/26 has been agreed through a Business Plan submitted to the Shareholder Committee in March 2025. From 2024/25 group accounts will be required to incorporate the accounts for the Enterprise Oxfordshire company into the County Council's Statement of Accounts. In its April 2025 meeting, the Performance and Corporate Services Overview and Scrutiny committee recommended that the Audit and Governance Committee should review the governance arrangements of Enterprise Oxfordshire in a year's time, including examples of how decisions were made throughout the year. It also proposed that the Performance and Corporate Services Overview and Scrutiny Committee should review the performance of the organisation in a year to assess how well the new model has delivered its business plan. Cabinet will consider these recommendations at the next opportunity.

### Conclusion

104. The Council's governance arrangements are regarded as fit for purpose and will be monitored throughout 2025/26.



## Annex 1 - Significant Governance Issues – 2024/25 Actions Update

### *Actions identified for 2024/25 - Update*

This is a review of the progress during 2024/25 on the priorities for that year. The actions identified were completed in-year

Actions that were planned for 2024/25	Original Timescale	Outcome
<b>1. Constitution Working Group</b> <ul style="list-style-type: none"> <li>To establish a member working group to work alongside the officer working group,</li> <li>To continue the review of the Council's Constitution.</li> </ul>	31 March 2025	The Constitution Working Group met between November 2024 and February 2025 and proposed amendments to the Constitution. A small number of additional changes were agreed by the Audit & Governance Committee and the Oxfordshire Health & Wellbeing Board ahead of presenting a report of all proposed amendments to Council on 1 April 2025 which was approved. Training and guidance will be rolled out to officers.
<b>2. HR policies to be reviewed and updated for 2024/2025</b> <ul style="list-style-type: none"> <li>Organisational Change policy</li> <li>Redeployment policy</li> <li>Redundancy procedure</li> <li>Fixed Term /Temporary contracts of employment policy</li> <li>TUPE guidance</li> <li>Pensions and Retirement policy</li> </ul>	30 June 2024 30 June 2024 30 June 2024 30 June 2024 30 June 2024 30 June 2024	All stated policies have been reviewed and published.

Actions that were planned for 2024/25	Original Timescale	Outcome
<p><b>3. Directorate level Schemes of Delegation,</b></p> <ul style="list-style-type: none"> <li>• To continue with the review and update of the Directorate Schemes of Delegation</li> <li>• Directorate level Schemes of Delegation, which are held both by individual Directorates and centrally, require further review to reflect the recent changes in reporting arrangements.</li> </ul>	31 March 2025	<p>The former Head of Legal Services and Deputy Monitoring Officer et with colleagues in HR and Finance to consider their updates to schemes of delegation which will form the greater part of individual Service schemes. This will enable the production of a pro forma scheme of delegation which can be provided to individual Services and meetings will then be arranged for Governance officers and Directors/Deputy Directors as necessary to support them in producing final schemes of delegation. This work will continue into 2025/26.</p>
<p><b>4. Further consideration of the Information Commissioner's Office's (ICO) expectations when handling Freedom of Information and Environmental Information Regulation requests.</b></p> <ul style="list-style-type: none"> <li>• During 2023/24 the Council improved its compliance rates in respect of meeting statutory response deadlines. The Customer Feedback Team (FOI Officers) need now to work with services to improve the quality of responses to requests, and the handling of requests in accordance with FOI/EIR legislation, to further improve resolutions ahead of any ICO involvement.</li> <li>• Officers in the Customer Feedback team to work with the Corporate Governance Team on increasing awareness within the Council on the correct application of the legislation.</li> </ul>	31 March 2025	<p>Officers have continued to provide advice to ensure compliance with the Freedom of Information Act 2000 (FOI) and the Environmental Information Regulations 2004 (EIR). Services are encouraged to strengthen their responses by considering the ICO's Guidance and Decision Notices. Full and thorough consideration is given to each individual request.</p> <p>Key officers meet regularly to discuss current caseloads, themes and compliance. These meetings are extended to specific service areas where themes occur. This provides opportunity to work through a request and ensure legislation is applied correctly.</p> <p>Quality assurance is undertaken by Officers on responses to requests for information before they are sent to ensure they fully address the request. If any request has not been adequately answered, it is referred to the responding managers for revision. Consequently, the number of internal reviews is</p>

Actions that were planned for 2024/25	Original Timescale	Outcome
		<p>decreasing due to the increased accuracy of responses before their release at the initial stage.</p> <p>In 2024/2025 the council achieved a compliance rate of 97.5% of FOI and EIR requests for information being responded to within the statutory 20 working day timeframe. Above 95% compliance is rated at the ICO's highest level "Good". The council will work to ensure it maintains this standard of compliance in future years.</p> <p>Officers continue to attend ICO workshops as well as undertake benchmarking exercises against other local authorities to review best practice and update internal guidance.</p>
<p><b>5. Full review of current CCTV &amp; intruder alarm monitoring arrangements.</b></p> <ul style="list-style-type: none"> <li>As part of an ongoing initiative to increase self-delivery of services, provide a detailed options paper for CCTV &amp; Intruder alarm monitoring to be self-delivered vs. the current outsourced model.</li> </ul>		<p>Complete. Revised policy and procedure implemented.</p>
<p><b>6. Review of Members' and Officers' fiduciary responsibilities and accountability, and legal status in respect of outside bodies including indemnities.</b></p> <ul style="list-style-type: none"> <li>It is important that the legal status of and responsibilities and accountabilities of Members are clearly understood in relation to outside bodies they are</li> </ul>	<p>31 March 2025</p>	<p>This remains outstanding and will carry over into 2025/26.</p>

Actions that were planned for 2024/25	Original Timescale	Outcome
appointed to by the Council.		
<p><b>7. Proactive Training for Governance</b></p> <ul style="list-style-type: none"> <li>• Governance sessions to raise awareness and skills level within the Organisation to be carried out by Heads of Governance and Legal.</li> <li>• Following a review of the Governance policies, training materials are in development which will be published and used in Governance sessions, including raising awareness about the Council's whistleblowing process and amended policy.</li> </ul>	31 March 2025	<p>Following a review of the Governance policies, training materials are in development which will be published and used in Governance sessions, including raising awareness about the Council's whistleblowing process and amended policy.</p> <ul style="list-style-type: none"> <li>• Training sessions have been held for officers relating to decision-making including compliance with legal requirements around key decisions.</li> <li>• Key officers were booked onto CIPFA's Whistleblowing eLearning training. Colleagues were asked to complete the training by 31 January 2025. Completion has been overseen by line managers, and the Governance Team will hold a central record for all officers.</li> <li>• Further in-house whistleblowing eLearning material is in development and will be rolled out across the organisation during 2025-2026.</li> </ul>

## Annex 2 - Significant Governance Issues - 2025/26

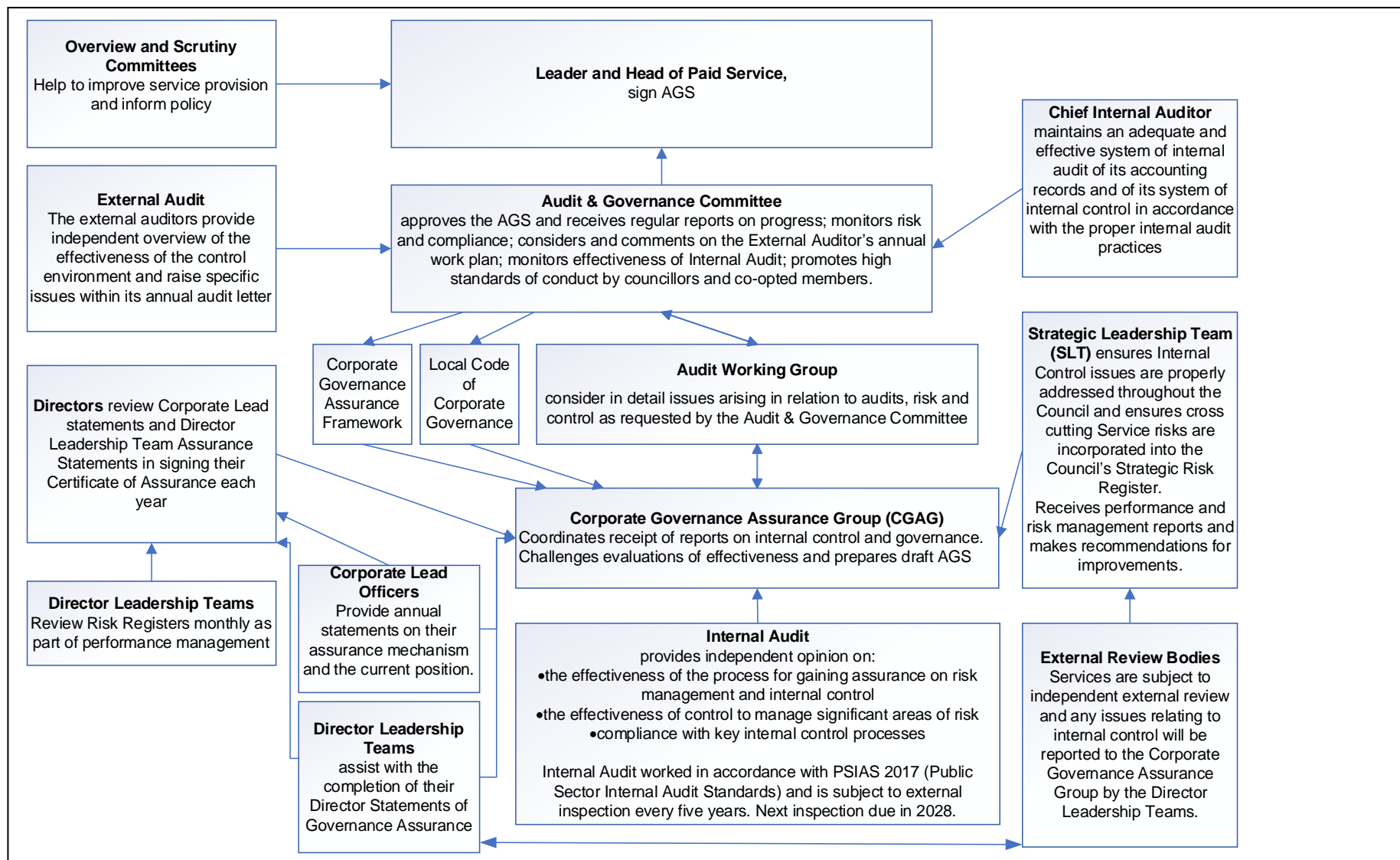
### *Actions identified for 2025/26*

	Action now planned for 2025/26	Timescale for Completion	Outcome	Senior Responsible Officer
1.	<b>Schemes of Delegation</b>  Work is still being undertaken with the new services formed as a result of the Tier 3/ 4 restructure, implemented on 16 December 2024.	31 March 2026	To complete schemes of delegation for each service area.	Director of Law & Governance, and Monitoring Officer
2.	<b>Review of Members' and Officers' fiduciary responsibilities and accountability, and legal status in respect of outside bodies including indemnities.</b>  It is important that the legal status of and responsibilities and accountabilities of Members are clearly understood in relation to outside bodies they are appointed to by the Council.	31 March 2026	To review and update.	Head of Legal and Governance
3.	<b>Contract Management</b>	31 March 2026	The introduction of the contract management framework will define the corporate approach to the segmentation of	Director of Financial and Commercial

	<p>A Contract and Supplier Management project has been mobilised with the following five workstreams:</p> <ul style="list-style-type: none"> <li>• The Contract Management Framework</li> <li>• Ways of Working</li> <li>• Governance and Oversight</li> <li>• Systems, processes and data</li> <li>• Skills, capability and knowledge</li> </ul>		<p>contracts and commercial relationships by value, risk and opportunity; it will also define the system, processes and reporting to provide the oversight of the performance of our contracts and the effectiveness of contract management in achieving best value.</p> <p>Contract management training will be in place to ensure that our contract management have the skills and knowledge needed to manage contracts effectively, proportionate to value and risk.</p>	Services
4.	<p><b>Executive Officer Decisions</b></p> <p>To provide guidance to officers on the procedure for making officer executive decisions, in particular the process that applies to key decisions</p>	31 March 2026	<p>Changes to the Constitution have highlighted a need to refresh training and templates on officer decision making. An internal group to develop guidance, manage changes to process and templates and to develop training for officers has been set up. Training will follow in 2025/26.</p>	Head of Legal & Governance
5.	<p><b>Code of Practice on Good Governance for Local Authority Statutory Officers</b></p> <p>To undertake a self-assessment against the Code of Practice on Good Governance for Local Authority Statutory Officers.</p>	31 March 2026	<p>In July 2024 Lawyers in Local Government (LLG), CIPFA and SOLACE launched a new Code of Practice on Good Governance for Local Authority Statutory Officers.</p> <p>The council should ensure it is meeting the expectations set out in The Code of Practice for the Chief Executive, Chief Financial Officer, and the Monitoring Officer.</p>	Director of Law & Governance and Monitoring Officer
6.	<p><b>Appointment of Independent Member of the Audit &amp; Governance Committee</b></p>	31 December 2025	<p>To undertake a recruitment campaign and appoint to this position.</p>	Director of Law & Governance and Monitoring Officer /

				Head of Legal & Governance, and Deputy Monitoring Officer
7.	<b>To commission an Independent Remuneration Panel</b> this year to consider member allowances.	31 December 2025	An Independent Remuneration Panel must be commissioned to consider member allowances to set a new scheme of allowances from 1 April 2026.	Director of Law & Governance and Monitoring Officer / Head of Legal & Governance, and Deputy Monitoring Officer
8.	<b>Inspections Review: Readiness and Sharing Learning</b> To facilitate opportunities for assurance colleagues to share experiences and learning: Raise awareness through internal communications and cultural change: Leverage technology for data efficiencies:	31 March 2026	To improve collaboration, sharing of inspection insights, and overall inspection readiness within Oxfordshire County Council.	Director of Transformation, Digital and Customer Experience

## Annex 3: Overview of Corporate Governance Assurance Framework





## Annex 4: Financial Management Code of Practice – Summary Compliance Assessment 2024/25

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
1.	<b>Responsibilities of the Chief Finance Officer (CFO) and Leadership Team</b>			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VfM)	<p>Working as part of the Council Management Team, the Director for Financial &amp; Commercial Services is responsible for the leading on the delivery of the council's <a href="#">Commercial Strategy</a> which was agreed by Cabinet in March 2024. This seeks to promote a wide and more integrated approach to commercial management combining strategic and operational tasks distributed across the Council.</p> <p>Services use benchmarking to inform opportunities to improve VfM but this has generally been ad hoc and there has been limited visibility beyond the service.</p> <p>Procurement decisions consider VfM by considering the quality of service and not just price.</p>	<p>The Commercial Strategy is being delivered through a Commercial Transformation Programme overseen by the Commercial Board operating under the direction of the Council Management Team.</p> <p>Risk appetite, people, capability and processes, and monitoring and evaluation are being considered and developed through the implementation of the strategy.</p> <p>More systematic business intelligence information and insight needed to underpin the Commercial Strategy and enable the council to demonstrate that all revenue and capital expenditure provides VfM is being developed by November 2025 as part of the council's Business Services Transformation programme.</p>	<b>AMBER</b>

B	<p>The authority complies with the CIPFA “Statement of the Role of the CFO in Local Government”</p>	<p>The CFO is qualified accountant with significant experience working as an active member of the council’s leadership team.</p> <p>In carrying out their role as Executive Director of Resources and Section 151 Officer, the CFO is a member of SLT (Strategic Leadership Team) and reports directly to the Chief Executive. The CFO has an influential role with members of the Cabinet, Audit &amp; Governance Committee and lead opposition members.</p> <p>Funding for additional finance capacity needed to support the organisation to transform and to ensure that the CFO is able to lead and direct a finance function that is resourced to be fit for purpose was agreed as part of the 2024/25 budget.</p> <p>Reflecting the need to ensure financial literacy across the council new job roles agreed as part the organisational redesign of the council’s senior management structure in 2024 clearly set out the financial management responsibilities of each of the council’s directors and their direct reports. These responsibilities will be followed up through on-going performance management in 2025/26.</p> <p>Following the corporate Enterprise Resource Planning (ERP) review (a review of the IBC partnership with Hampshire County Council) a number of finance improvements were identified and have been put into the Business Services Transformation programme of work, covering Finance, HR and Purchasing</p>	<p>The Business Services Transformation programme is reviewing financial management, procure-to-pay and HR activities performed across the council. The programme is currently being reviewed and reset and will be delivering through into 2025/26.</p>	GREEN
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Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
2.	<b>Governance and Financial Management Style</b>			
C	<p>The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control</p>	<p>The Strategic Leadership Team (SLT) understands its responsibilities in relation to Financial Management and considers the assessment against the Code and actions or further work required in order to continuously improve.</p> <p>The Council Management Team (CMT) receive and review on a quarterly basis a report from the Chief Internal Auditor on progress against the Internal Audit Plan, implementation of agreed management actions and delivery of the Counter Fraud Plan. The Annual Governance Statement (AGS) and Action Plan are also considered by CMT.</p> <p>In addition, the Audit &amp; Governance Committee have a key role in providing independent assurance over governance, risk and internal control arrangements.</p> <p>SLT are continuing to discharge their responsibilities through CMT. Ongoing focus on managing pressures over the short and medium term to maintain financial resilience is evidenced in the reduction in the level of forecast overspend in 2024/25.</p> <p>Work has been undertaken during 2024/25 to establish a meaningful and effective approach to updating and maintaining schemes of financial delegation across services.</p>		<b>GREEN</b>

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
D	The authority applies the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)”	The Local Code of Corporate Governance sets out how the Council complies with the requirements of the Framework and identifies key documents, which provide detailed information as to how the Council ensures the Corporate Governance principles are adhered to. The annual update of the Oxfordshire Code of Corporate Governance was last approved by Audit & Governance Committee in <a href="#">March 2024</a> .		<b>GREEN</b>

E	<p>The Financial Management style of the authority supports financial sustainability</p>	<p>The Council has adopted a Business Partnering model that supports managers to deliver financially sustainable services by providing strategic advice and support. Training in financial management roles and responsibilities has been a focus across a number of Directorates during the last financial year.</p> <p>This is underpinned by a Corporate Function that manages the strategic financing issues and provides the budget setting and accounting framework for the organisation.</p> <p>An updated Financial Strategy including financial performance indicators that are tracked and reporting during the following year is published annually as part of the budget agreed by Council.</p> <p>The council's <a href="#">Commercial Strategy</a> will promote a wide and more integrated approach to commercial management combining strategic and operational tasks distributed across the Council.</p> <p>A council-wide Project Portfolio Management (PPM) system, which will enable improved oversight of capital schemes, has been implemented in 2024/25 and the expectation is that the outputs from this system will be used to inform capital programme boards and the Strategic Capital Board. along with</p>	<p>A new Financial Management Strategy is being developed as part of Business Services Transformation. The Strategy will set out the improvements required to enhance financial management capabilities including financial management reporting structures and the development of business objects dashboard reporting.</p> <p>An improvement plan which will include enhancements and opportunities using technology and data for enabling more efficient and effective financial management across the council will be agreed as part of the Strategy.</p> <p>Following the changes to the senior management structure and organisational redesign business partnering will be developed across more functions within the council with operating models agreed to reflect the on-going arrangements.</p> <p>Longer-term financial planning is not possible while the</p>	<b>AMBER</b>
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Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
			Government's approach to local government funding is unclear. This is being kept under constant review as more information becomes available from Government.	
<b>3. Long to Medium-Term Financial Management</b>				
F	The authority has carried out a credible and transparent financial resilience assessment	<p>A review of the 2023/24 CIPFA Financial Resilience index has been undertaken, and the assessment will be included in the Financial Strategy (section 4.5 of the Budget &amp; Business Planning Report to Cabinet in January 2025).</p> <p>The Financial Strategy also includes a suite of performance indicators against which financial performance is measured during the year and reported through the Business Management &amp; Monitoring Reports to Cabinet. These measures include the forecast level of General Balances against the minimum risk assessed level for balances taking into account the latest monitoring position in the current year and the forecast achievement of savings built into the budget.</p>		<b>GREEN</b>

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	<p>The Financial Strategy and MTFS outline the financial challenges and opportunities facing the Council over the medium term and set out how action is being taken to manage expenditure within the available funding.</p> <p>The Capital &amp; Investment Strategy and the Capital Programme both cover a 10-year period. The Capital &amp; Investment Strategy sets out the long-term context in which capital expenditure and investment decisions are made and articulates how the Council's capital investment will help achieve the Council's vision and priorities as well as respond to demographic change.</p>	<p>With the development of a new business intelligence approach, and potential longer run opportunities through the move to the Hampshire Partnership's move to SAP 4 HANA from 2026/27 it remains an ambition to improve budget planning information and to progress the development of more accessible scenario planning in relation to long term budget planning and the council's place shaping ambitions. Once SAP 4 HANA is available an assessment will be made of the opportunities arising from this.</p> <p>The development of high level Business Plans for each service will help to align service plans with the Financial Strategy and Medium Term Financial Strategy.</p>	<b>GREEN</b>

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
H	The authority complies with the CIPFA "Prudential Code for Capital Finance in Local Authorities"	<p>The Capital &amp; Investment Strategy is updated annually and agreed by Council alongside the Capital Programme, Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy.</p> <p>The Capital Programme is monitored monthly with reports produced quarterly for the Strategic Capital Board and Cabinet. Quarterly Treasury Management reports are taken to Audit &amp; Governance Committee, Cabinet and Council, including monitoring of Prudential Indicators.</p> <p>The ratio of financing costs to the net revenue stream is forecast to remain within at around 5% over the medium term with a recommended limit of 5.5%. The future affordability of any proposed new borrowing is a key consideration within the Budget &amp; Business Planning process.</p>		GREEN



Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	The Council has an integrated Business and Budget Planning Process with a multi-year Medium Term Financial Strategy linked to service plans. This is reviewed and updated each year with new future years added to ensure that the strategy covers at least three years.	High level Business Plans for each service area are being developed by each director and are expected to be used to inform and underpin the budget and business planning process from 2026/27 onwards.	GREEN
<b>4. The Annual Budget</b>				
~	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces an annual balanced budget and supporting documentation within the necessary timeframe.		GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	The CFO's Section 25 report accompanies the suite of Budget documents and includes a commentary on the adequacy of proposed financial reserves with reference to CIPFA's Resilience Index as well as assessed compliance with the FM Code.		GREEN
5.	Stakeholder Engagement and Business Plans			

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	<p>The council's approach to consultation and engagement is set out in the <a href="#">consultation and engagement Strategy 2022/25</a>. This puts residents at the heart of decision-making and aims to engage with and listen to residents and other partners in a more active and inclusive way.</p> <p>As part of the budget process for 2024/25 the council used an online budget simulator tool for the first time. The aim was to help people to learn more about the services the council provides and have their say on savings and spending, by setting their own balanced budget for the council.</p> <p>Consultation and engagement to support budget and business planning for 2025/26 has been organised into three phases:</p> <ul style="list-style-type: none"> <li>• <b>Phase 1:</b> Representative residents' survey</li> <li>• <b>Phase 2:</b> Participatory engagement: Budget simulator and sounding boards for children and young people</li> <li>• <b>Phase 3:</b> Public consultation on the substance of the 2025/26 budget.</li> </ul> <p>The outputs from Phase 1 and 2 were shared in the Budget &amp; Business Planning report to Cabinet in October 2024 so they were available to inform the proposals shared later in the process. Performance &amp; Corporate Services Overview &amp; Scrutiny Committee have also considered the budget proposals ahead of the budget being agreed by Council.</p>		GREEN

M	<p>The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions</p>	<p>Key decisions requiring investment to deliver service improvements, deliver savings or invest or save opportunities require business case to aid decision making via the appropriate governance process (e.g., Strategic Capital Board).</p>	<p>More systematic business intelligence information and insight needed to underpin the Commercial Strategy and enable the council to demonstrate that all revenue and capital expenditure provides VfM is being developed as part of the council's Business Services Transformation programme.</p> <p>The requirements, system, standards and guidance for the development and approval of business cases is being considered as part of the implementation of the Commercial Strategy.</p> <p>The Commercial Transformation Programme includes a workstream which is developing a digitised business case process that will include options appraisal with a delivery date of June 2025.</p>	GREEN
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Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
6.	<b>Monitoring Financial Performance</b>			
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	<p>The regular Business Management and Monitoring Reports to Cabinet include performance, finance and risk so enable the council's leadership team and Cabinet to respond to emerging issues and to take action to manage those.</p> <p>The regular Capital Programme monitoring report includes updates on scheme activity, performance and risks.</p>	<p>A programme of work is underway to develop a data warehouse covering finance, purchasing and HR. This will improve reporting and support data driven intelligence and decision-making.</p> <p>Development work is underway in 2024 and will continue into 2025/26, with a data extraction project being delivered in partnership with IBC.</p> <p>Stages 1-4 will be completed by March 2025 and stage 5 is scheduled for delivery by end of the year 2025 and will continue into 2025/26.</p> <p>Capital Monitoring will be developed further using outputs from the Project Portfolio Management (PPM) system.</p>	<b>GREEN</b>

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	The Business Management and Monitoring Reports to Cabinet include monitoring of key balance sheet items including balances, reserves, debtors, and cash (including the performance of Treasury Management).		GREEN
<b>7. External Financial Reporting</b>				
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom” (The Code)	<p>The annual accounts are produced in compliance with The Code and always received an unqualified audit opinion up to 2020/21. The audit of the statement of accounts for 2021/22 was delayed by national issues affecting the valuation of infrastructure assets. The external audit report setting out an unqualified opinion was issued on 25 January 2024.</p> <p>The statement of accounts for 2022/23 was published on 23 January 2024 following the resolution of the issues with the valuation of infrastructure assets. As a result of the delay, together with the wider requirements of the local audit reset the council’s external auditors were not able to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report. Therefore, the council has received a disclaimed opinion on the 2022/23 financial statements.</p> <p>The 2023/24 accounts were published on 28 June 2024 and the audit opinion is expected to be received in early 2025. Since it was not possible to have assurance over the brought forward balances from 2022/23 these accounts are also expected to be disclaimed.</p>		GREEN

#### Annex 4: Financial Management Code of Practice – Summary Compliance Assessment 2024/25

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Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	The Council Management Team and Cabinet consider the outturn and year end variances in a Provisional Outturn Report to Cabinet each June. Where relevant this enables strategic financial decisions to be made early in the following financial year.		GREEN

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Oxfordshire County Council  
Provisional audit planning  
report  
Year ended 31 March 2025  
**May 2025**

Dear Audit and Governance Committee Members

Provisional audit planning report

Attached is the audit planning report for the upcoming meeting of the Audit and Governance Committee. This report aims to provide the Audit and Governance Committee of Oxfordshire County Council with a basis to review the proposed audit approach and scope for the 2024/25 audit. This is in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements. This report summarises our evaluation of the key issues driving the development of an effective audit. We have aligned our audit approach and scope accordingly. The report also addresses the broader impact of Government proposals aimed at establishing a sustainable local audit system.

As the Council's body charged with governance, the Audit and Governance Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support a timely and efficient audit. Failure to achieve this will affect the level of resources required to fulfil our responsibilities. We will assess and report on the adequacy of the Council's external financial reporting arrangements, as well as the effectiveness of the Audit and Governance Committee in fulfilling its role within those arrangements as part of our Value for Money assessment. We will also consider invoking other statutory reporting powers to highlight any weaknesses in these arrangements if deemed necessary. We direct Audit and Governance Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements (see Appendix A).

This report is intended solely for the information and use of the Audit and Governance Committee and management, and is not intended to be, and should not be used, by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 4 June 2025 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Simon Mathers

Partner

For and on behalf of Ernst & Young LLP

# Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Oxfordshire County Council. Our work has been undertaken so that we might state to the Audit and Governance Committee and management of Oxfordshire County Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Governance Committee and management of Oxfordshire County Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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## 2024/25 audit strategy overview

# 2024/25 audit strategy overview

## Context for the 2024/25 audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies play a crucial role in our democratic system. It aids in effective decision-making by local bodies and ensures transparency and accountability to local taxpayers. There is a consensus that the delay in publishing audited financial statements by local bodies has reached an unacceptable level, and it is acknowledged that cooperation among all stakeholders in the sector is necessary to address this issue. The reasons for the backlog are well-documented and include:

- ▶ Insufficient capacity within the local authority financial accounting profession.
- ▶ Increased complexity of reporting requirements within the sector.
- ▶ Insufficient capacity within audit firms with public sector experience.
- ▶ Heightened regulatory pressure on auditors, leading to an expanded scope and extent of audit procedures performed.

The Ministry for Housing, Communities and Local Government (MHCLG) has collaborated with the Financial Reporting Council (FRC) and other system partners to develop and implement measures to address the backlog. SI 2024/907, along with the NAO Code and the Local Authority Reset and Recovery Implementation Guidance, have been created to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). In February 2025, responsibilities for leadership of the local audit system transferred from the FRC back to MHCLG. This change follows the December 2024 launch of the Government's strategy for reforming the local audit system in England, which includes plans to establish a Local Audit Office. The approach to addressing the backlog consists of three phases:

- Phase 1: Reset;** clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024. This is largely complete.
- ▶ **Phase 2: Recovery from Phase 1;** from 2023/24, use backstop dates to prevent a recurrence of the backlog and allow assurance to be rebuilt over multiple audit cycles. The backstop date for the audit of the 2024/25 financial statements is 27 February 2026. Auditors are waiting for guidance from the system leader to effectively, efficiently and consistently build back assurance over disclaimed audit periods.
  - ▶ **Phase 3: Reform;** involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As detailed in our Audit Results Report presented to the Audit and Governance Committee on 7 February 2025, we disclaimed our audit opinion on the Council's 2023/24 financial statements.

We obtained assurance over some of the closing balances in 2023/24. However, we do not have assurance over all brought-forward balances in 2024/25. Consequently, we lack assurance over all in-year movements and some closing balances for 2024/25. Although we will continue to work towards rebuilding assurance ahead of the 2024/25 backstop date (subject to guidance), we will not be able to obtain sufficient evidence to have reasonable assurance over all closing balances. We therefore expect to again issue a disclaimer of opinion in 2024/25.

# 2024/25 audit strategy overview

## Rebuild of assurance – current position

The National Audit Office issued Local Audit Reset and Recovery Implementation Guidance (LARRIG) 05 on 10 September 2024, detailing the principle of returning to a state where auditors can issue audit opinions on local authority financial statements with sufficient audit evidence. This process will take several years to achieve.

Restoring assurance will need local authorities and auditors to work together. We are waiting for guidance from the National Audit Office and Financial Reporting Council to ensure a consistent approach for restoring assurance for disclaimed periods. Until then, we are unable to commence the rebuilding work programme.

We will audit the 2024/25 closing balance sheet and in-year transactions, similar to our approach for 2023/24, as well as performing additional risk assessment procedures to assess the likelihood of a material misstatement in the opening reserve position for 2024/25. Updates on rebuilding assurance for the historical position will be provided as guidance is issued and its implications for the Council are evaluated taking into consideration the outcome of our risk assessment procedures. As the Council's financial statements for 2022/23 and 2023/24 were subject to a disclaimer of opinion, it is highly probable that our risk assessment procedures to assess the likelihood of a material misstatement in the opening reserve position will conclude that an elevated risk of material misstatement is associated with the reserve balances, because of the way in which they accumulate over successive years.

## Responsibilities of management and those charged with governance

The Council's Section 151 Officer is responsible for preparing the financial statements in accordance with proper practices and confirming they give a true and fair view at the 31 March 2025. To complete the audit in a timely and efficient manner, it is essential that the financial statements are supported by high-quality working papers and audit evidence, and that Council resources are available to support the audit process within agreed deadlines. The Audit and Governance Committee has an essential role in ensuring that it has assurance over both the quality of the financial statements and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this conditions are not met, we will:

- ▶ Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- ▶ Consider the use of other statutory reporting powers to draw attention to weaknesses in Council financial reporting arrangements, where deemed necessary.
- ▶ Assess the impact on available audit resource and where additional resources are deployed, seek a fee variation from PSAA. We have set out the factors that will lead to a fee variation at Appendix B, together with, at Appendix A, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.

# 2024/25 audit strategy overview

The following ‘dashboard’ summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Presumptive risk of management override of controls	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Inappropriate capitalisation of revenue expenditure	Fraud Risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.  We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
IFRS 16	Significant risk	Increase in risk	Mandatory implementation of IFRS 16 Leases has been deferred until the current financial year. IFRS 16 leases is a complex standard that will require a substantial amount of data gathering followed by statements, policy choice decisions. The County Council was not able to disclose the impact of the implementation in the prior year accounts. We were also unable to confirm the impact of IFRS 16 whilst performing our planning procedures and therefore cannot confirm management readiness and the potential impact. We have therefore elevated IFRS 16 implementation to a significant risk in our 2024/25 audit strategy and extended the scope of our work to consider the completeness and valuation of the right of use asset and liability included in the financial statements in addition to a consideration of presentation and disclosure.
Land and building valuation - Property, Plant & Equipment (PPE) and Investment Property (IP) valued at Existing Use Value (EUV)/Fair Value (FV)	Risk of material misstatement	Reduction in risk from significant risk raised in the prior year	The valuation of land and buildings and investment properties represent material figures within the Council's financial statements. The valuation of those assets on an EUV or FV basis is reliant upon expert valuations based on information provided by the Council, which include several judgements and assumptions. Errors within the judgements, assumptions, or information provided to the valuer can have a material impact on the financial statements.

# 2024/25 audit strategy overview

The following ‘dashboard’ summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

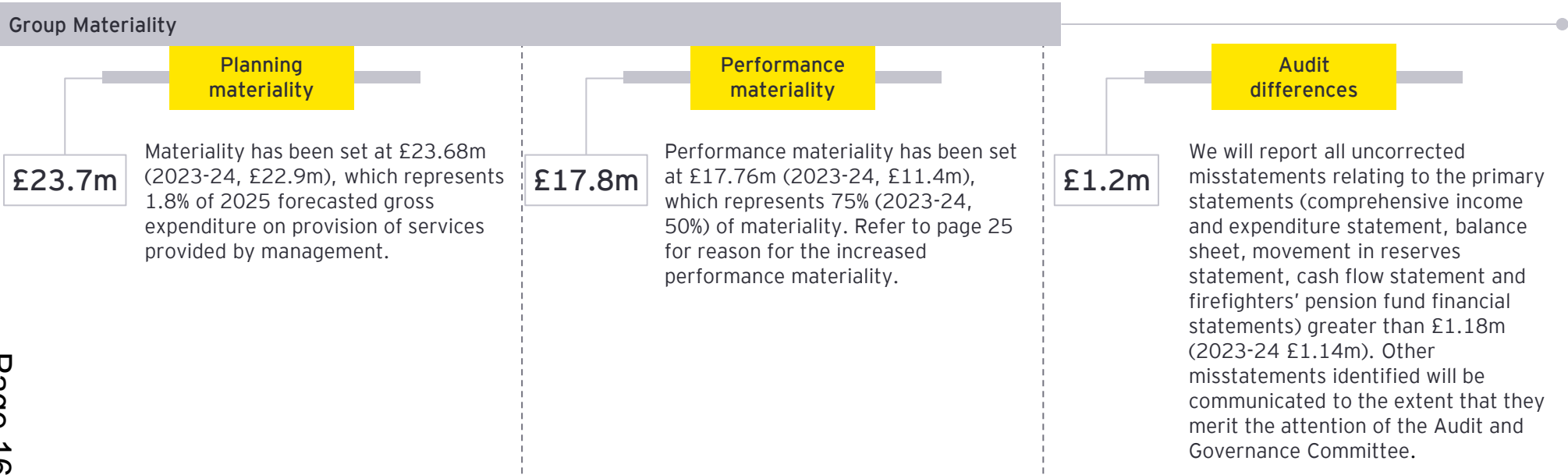
## Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Pension Liability Valuation and the IAS 19 valuations	Risk of material misstatement	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to disclose its membership in the Local Government Pension Scheme in its financial statements.</p> <p>Due to the significant estimation and judgement involved, an actuary is engaged for calculations. ISAs (UK) 500 and 540 mandate procedures on using management experts and assumptions for fair value estimates.</p>

We will continue to keep the Audit and Governance Committee updated on our assessment of any changes to audit risk.



# 2024/25 audit strategy overview



We will keep the Audit Committee updated on any changes to materiality levels as the audit progresses.

# 2024/25 audit strategy overview

## Audit scope

This audit planning report covers the work that we plan to perform to provide you with:

- ▶ our audit opinion on whether the financial statements give a true and fair view of the financial position as at 31 March 2025 and of the income and expenditure for the year then ended; and
- ▶ our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on the value for money arrangements in Section 3.

We also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the required mandatory procedures in accordance with applicable laws and auditing standards.

When planning the audit we consider several key inputs:

- ▶ strategic, operational and financial risks relevant to the financial statements;
- ▶ developments in financial reporting and auditing standards;
- ▶ the quality of systems and processes;
- ▶ changes in the business and regulatory environment; and
- ▶ management's views on all the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant.

Considering the above, our professional duties require us to independently assess audit risks and take appropriate actions. The Terms of Appointment with the PSAA permit fee adjustments based on 'the auditor's assessment of risk and the work needed to meet their professional responsibilities'. Therefore, we outline these risks in this audit planning report and will discuss any impact on the proposed scale fee with management.

# 2024/25 audit strategy overview

## Audit scope (Cont.)

### *Effects of climate-related matters on financial statements*

Public interest in climate change is growing. We recognize that climate-related risks may span a long timeframe, and while these risks exist, their impact on the current financial statements may not be immediately significant. However, it remains essential to understand these risks to conduct a proper evaluation. Additionally, comprehending climate-related risks may be pertinent in the context of qualitative disclosures in the notes to the financial statements and in assessing value-for-money arrangements.

We inquire about climate-related risks during every audit as part of our understanding of the entity and its environment. As we continually re-evaluate our risk assessments throughout the audit, we consider the information obtained to help us assess the level of inherent risk. There are no matters we wish to bring to your attention following completion of our risk assessment procedures.

### *Audit scope and approach*

We intend to take a substantive audit approach, although we have identified the following key processes where we will seek to rely on controls, both manual and IT: Cash and Bank, Accounts Payable and Accounts Receivable. We will obtain the ISAE 3402 report for the services provided by the Integrated Business Centre (IBC) and perform the required test of control procedures.

# 2024/25 audit strategy overview

## Value for Money

We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

The value for money planning and related risk assessment aims to collect enough evidence to document our evaluation of the Council's arrangements, allowing us to prepare a commentary based on three reporting criteria. This process includes identifying and reporting any significant weaknesses in those arrangements and making suitable recommendations.

We will provide a commentary on the Council's arrangements against three reporting criteria:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Commentary on value for money arrangements will be included in the 2024/25 Auditor's Annual Report. This will need to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code.

## Timeline

An audit timetable has been agreed with management. In Section 7 we include a provisional timeline for the audit. It is essential that all parties collaborate to ensure compliance with this timeline.



## 02 Audit risks

# Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

## Presumptive risk of management override of controls\*

### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

### What will we do?

- ▶ Identify fraud risks during the planning stages.
- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud.
- ▶ Discuss with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- ▶ Consider whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.
- ▶ Consider the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determine an appropriate strategy to address those identified risks of fraud.
- ▶ Perform mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- ▶ Undertake procedures to identify significant unusual transactions.
- ▶ Consider whether management bias was present in the key accounting estimates and judgments in the financial statements.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required.

# Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

## Inappropriate capitalisation of revenue expenditure\*

### What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

### What will we do?

- ▶ Test Property, Plant and Equipment (PPE) / Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- ▶ Assess whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- ▶ Consider whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- ▶ Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. Based on our work at the planning stage of the audit we do not expect there to be material REFCUS in the year.
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

### Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

- ▶ Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.
- ▶ Expenditure being classified as revenue expenditure financed as capital under statute (REFCUS) when it is inappropriate to do so.
- ▶ Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE) / Investment Property (IP) additions and/or REFCUS in the financial statements.

# Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

## IFRS 16 Implementation

### Financial statements impact

- Assets being used by the authority under operating leases are likely to be capitalised along with an associated lease liability.
- Lease liabilities and right of use assets will be subject to more frequent remeasurement.
- Other amendments have been made to the CIPFA Code to expand the definition of donated assets to include right-of-use assets and on accounting for leases provided at below market rate, including peppercorn and nil consideration.

### What is the risk?

IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts.

IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Council is lessee these will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g. RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.

Based on our prior year work the Council had made little progress in collecting the information necessary to implement IFRS 16 and determine the impact on its financial statements.

### What will we do?

- ▶ Gain an understanding of the processes and controls developed by the Council relevant to the implementation of IFRS 16. We will pay particular attention to the Council's arrangements to ensure lease and lease-type arrangements considered are complete.
- ▶ Review the discount rate that is used to calculate the right of use asset and liability to assess its reasonableness.
- ▶ Review management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components.
- ▶ Gain assurance over the right of use asset included in the 2024/25 financial statements
- ▶ Sample test leases to ensure that transition arrangements have been correctly applied.
- ▶ Consider the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date.
- ▶ Consider the impact of IFRS 16 of measurement and disclosure of the Council's PFI liability



# Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus, and the key judgements and estimates?

**Land and building valuation - Property, Plant & Equipment (PPE) and Investment Property (IP) valued at EUV/FV**

The fair value of PPE and IP valued at EUV/FV represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

PPE and IP valued at EUV/FV are subject to annual revaluation in which valuation basis is reliant on judgemental inputs, estimation processes and assumptions.

Our response: Key areas of challenge and professional judgement

We will:

- ▶ Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- ▶ Review the annual cycle of valuations to ensure that assets have been valued within a 5-year rolling programme as required by the Code. We also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer.
- ▶ Consider the results of the valuers' work and check for any movements which are not in line with our expectations.
- ▶ Review assets that are not subject to valuation in 2024/25 to confirm the remaining asset base is not materially misstated.
- ▶ Consider whether there is a need to instruct our own Property valuation team (EY Real Estates) to review sample of EUV and FV valuations performed by the Council's Valuer. At this stage we do not anticipate we will need to commission EY Real Estates
- ▶ For the sample of assets revalued in year:
  - ▶ Challenge the assumptions used by the Council's valuers by reference to external evidence;
  - ▶ Agree inputs to the valuation to supporting evidence; and
  - ▶ Test journals for the valuation adjustments to confirm that they have been accurately processed in the financial statements.
- ▶ We will also ensure all other valuation adjustments required by the valuation report are correctly reflected in the financial statements.

# Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

## What is the risk/area of focus, and the key judgements and estimates?

### Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council / Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.

The Council's pension fund deficit is a material estimated balance, and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2024 this totalled £129.6 million.

The information disclosed is based on the IAS 19 report issued to the Council / Authority by the actuary to the Council / Authority.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

## Our response: Key areas of challenge and professional judgement

We will:

- ▶ Liaise with the auditors of Hillingdon Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council / Authority
- ▶ Assess the work of the pension fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team
- ▶ Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

## What else will we do?

We will consider outturn information available at the time we undertake our work after production of the Council's / Authority's draft financial statements, for example the year-end actual valuation of pension fund assets. We will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.



## 03 Value for Money risks

# Value for Money

## Council's responsibilities for value for money

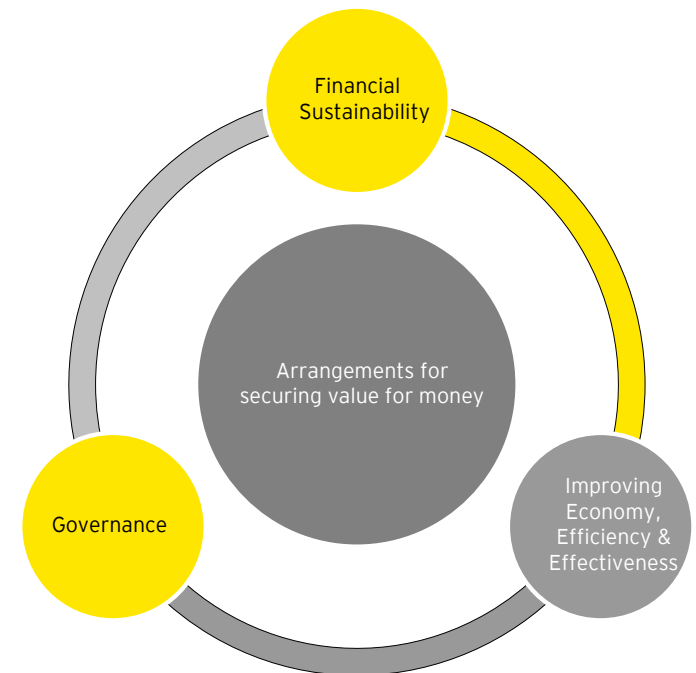
The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

## Auditor Responsibilities

Page 176 Under the NAO Code we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period. The specified reporting criteria are:

- ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



# Value for Money

## Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes require us to conduct a risk assessment that collects sufficient evidence to document our evaluation of the Council's arrangements, allowing us to draft a commentary under the three reporting criteria. This involves identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. In considering the Council's arrangements, we consider:

- ▶ the governance statement;
- ▶ evidence of arrangements during the reporting period;
- ▶ evidence obtained from our audit of the financial statements;
- ▶ the work of inspectorates and other bodies; and
- ▶ any other evidence that we deem as necessary to facilitate the performance of our statutory duties.

We then evaluate whether there is evidence indicating significant weaknesses in arrangements. According to the NAO's guidance, determining what constitutes a significant weakness and the extent of additional audit work required to address the risk is based on professional judgment. The NAO indicates that a weakness can be considered significant if it:

- ▶ exposes, or could reasonably be expected to expose, the Council to significant financial loss or risk;
- ▶ leads to, or could reasonably be expected to lead to, significant impact on the quality or effectiveness of service or on the Council's reputation or unlawful actions;
- ▶ identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action / improvement plans.

## Responding to identified risks of significant weakness

When planning work identifies a risk of significant weakness, the NAO's guidance requires us to consider the additional evidence needed to verify whether there is a significant weakness in arrangements. This involves conducting further procedures as necessary. We are required to report our planned procedures to the Audit Committee.

# Value for Money

## Reporting on VFM

If we determine that the Council has not made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, the NAO Code mandates that we reference this by exception in the audit report on the financial statements.

Additionally, we are required to provide a commentary on the value for money arrangements in the Auditor's Annual Report. The NAO Code specifies that this commentary should be clear, readily understandable, and highlight any issues we wish to draw to the Council's or the wider public's attention. This may include matters that are not considered significant weaknesses in arrangements but should still be brought to the Council's awareness. It will also cover details of any recommendations from the audit and the follow-up of previously issued recommendations, along with our assessment of their satisfactory implementation. Our 2024/25 Auditor's Annual Report requires to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code.

## Status of our 2024/25 VFM planning

We have yet to complete our detailed value for money planning. We will update the next Audit and Governance Committee meeting on the outcome of our value for money planning and our planned response to any additional identified risks of significant weaknesses in arrangements.

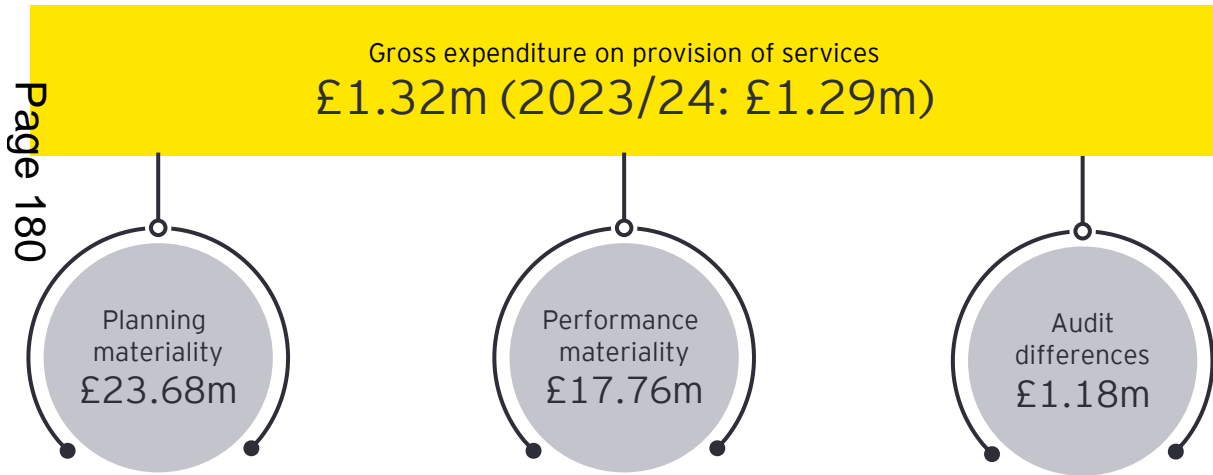


## 04 Audit materiality

# Materiality

## Materiality

For planning purposes, materiality for 2025 has been set at £23.7m. This represents 1.8% of the 2025 gross expenditure on provision of services. It will be reassessed throughout the audit process. We have chosen gross expenditure on provision of services as we consider that this is of primary interest to the users of the accounts, We have chosen 1.8%, which is at the top end of the range of percentages within our audit approach for comparable size councils, after consideration of a range of factors such as the public profile of the entity and level of available revenue reserves.



We will keep the Audit Committee updated on any changes to materiality levels as the audit progresses.

We request that the Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

## Key definitions

**Planning materiality** – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £17.16m which represents 75% of materiality.

We deem it appropriate to set TE at 75% to reduce the risk of undetected misstatement to a suitably low level.

**Audit difference threshold** – we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement or disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.





## 05 Scope of our audit

## Objective and Scope of our Audit scoping

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the Council. Additionally, we aim to ensure that the Council has established proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, as mandated by relevant legislation and the requirements of the NAO Code.

We issue an audit report that covers:

### 1. Financial statement audit

Our opinion on the financial statements:

- ▶ whether the financial statements give a true and fair view of the financial position of the Council and its expenditure and income for the period in question; and
- ▶ whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- ▶ whether other information published together with the audited financial statements is consistent with the financial statements.

Other procedures required by the Code:

- ▶ Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the National Audit Office.

### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

## Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.
- ▶ Reliance on the work of experts in relation to areas, such as pensions and property valuations.

Our initial assessment of the key processes across the Council has identified the following key processes where we will seek to rely on controls, both manual and IT:

- ▶ Accounts Receivables
- ▶ Accounts Payable
- ▶ Cash

These controls relating to the processing of these transactions lies within the Hampshire Integrated Business Centre, which we treat as a service organisation and intend to gain assurance by relying on the findings of the service organisation auditor set out in its controls assurance report under ISAE 3402. As an audit team we will review the Complimentary User Entity Controls operated by the Council.

For the remainder of transactions in 2024/25 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

### **Analytics**

We will use a data driven approach to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

### **Internal audit**

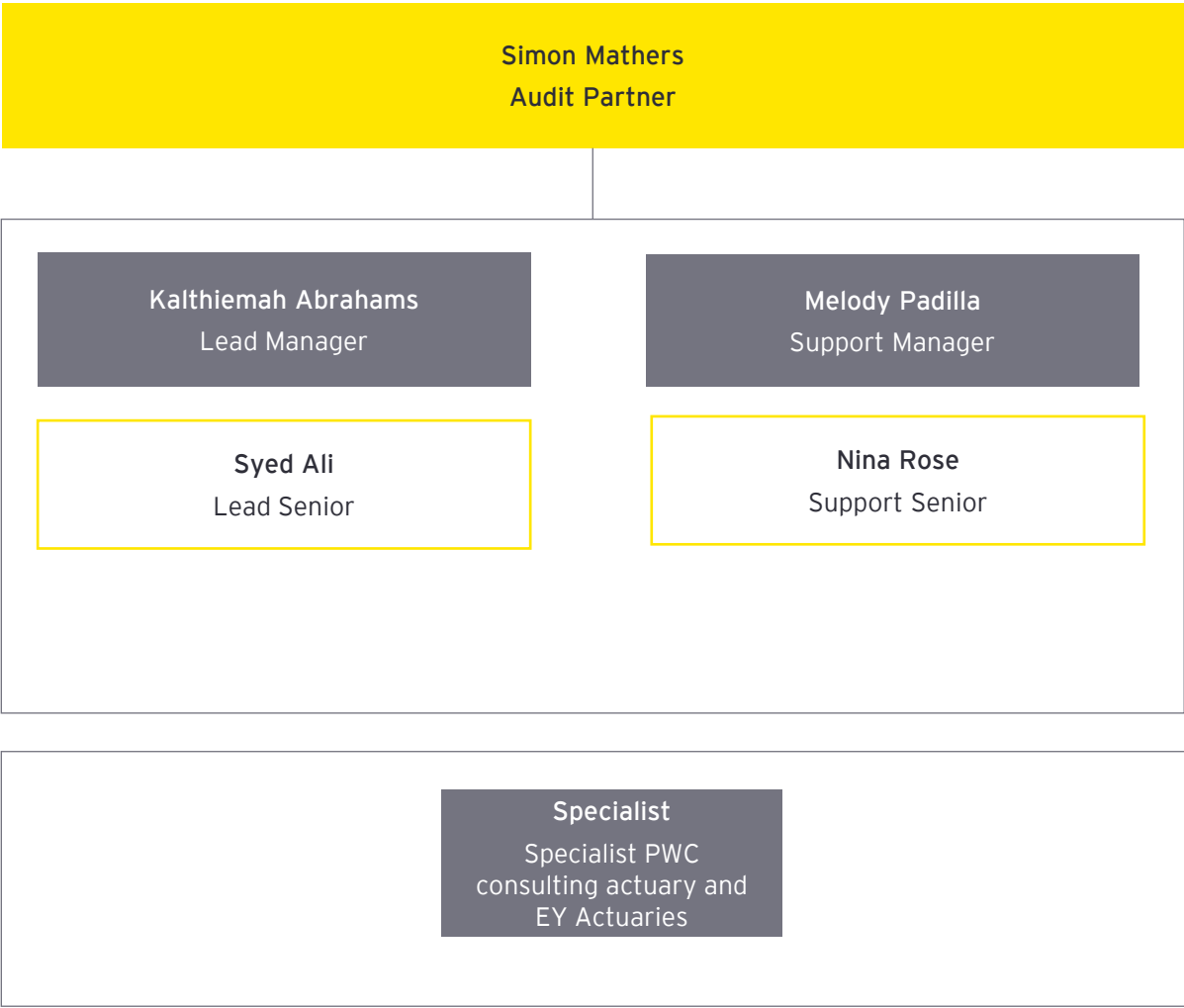
We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



06

## Audit team

# Audit team



# Use of specialists

## Our approach to the involvement of specialists, and the use of their work

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Pensions disclosure	EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist’s professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Group’s business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- Assess the reasonableness of the assumptions and methods used
- Consider the appropriateness of the timing of when the specialist carried out the work
- Assess whether the substance of the specialist’s findings are properly reflected in the financial statements



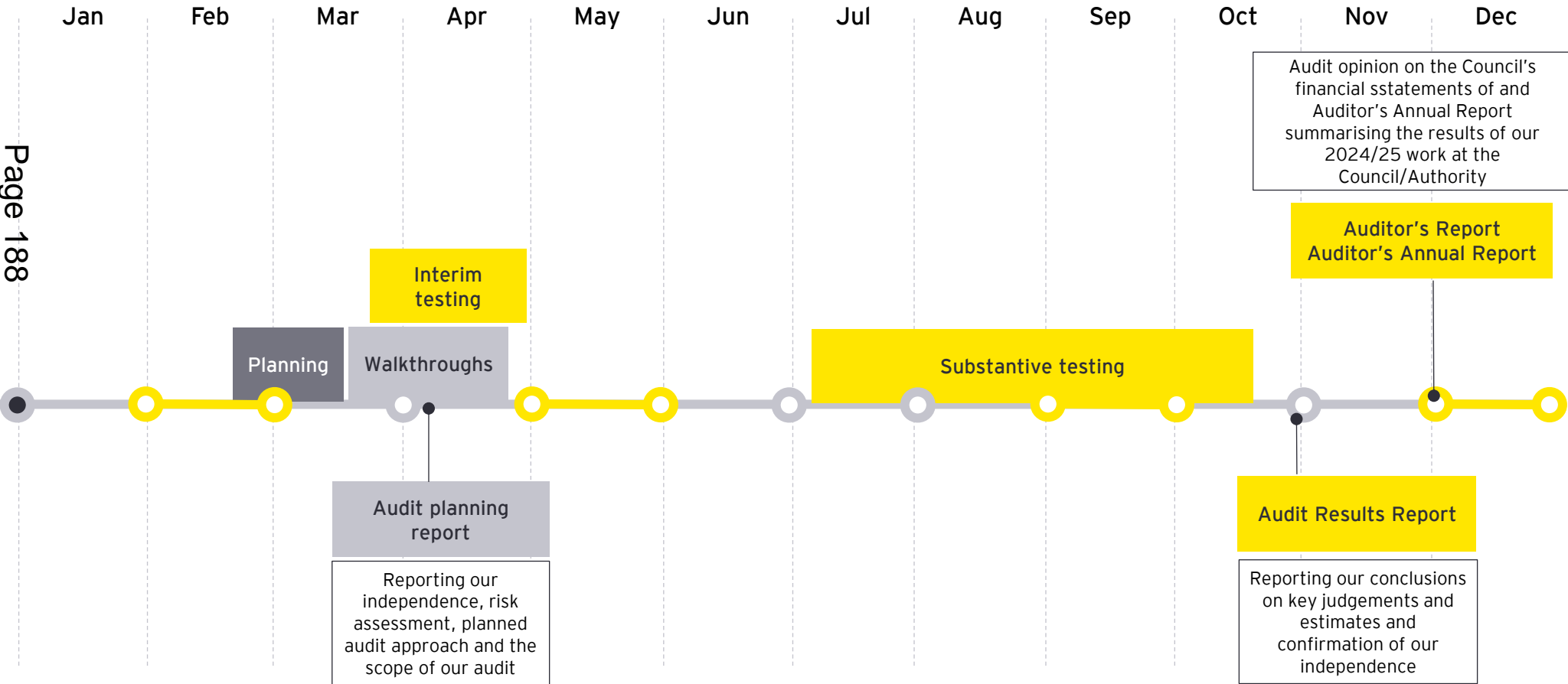
07

## Audit timeline

# Timetable of communication and deliverables

## Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the 2024/25 audit cycle. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate.







08

## Independence

# Introduction

The FRC Ethical Standard 2024 and ISA (UK) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2024, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"><li>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</li><li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li><li>▶ The overall assessment of threats and safeguards;</li><li>▶ Information about the general policies and process within EY to maintain objectivity and independence</li><li>▶ The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the audit committee/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a “pre-approval” to provide the service).</li><li>▶ All proposed NAS for PIE audit clients will be subject to a determination of whether the service might create a self-review threat (SRT), with no allowance for services related to amounts that are immaterial to the audited financial statements.</li></ul>	<ul style="list-style-type: none"><li>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li><li>▶ Details of non-audit/additional services provided and the fees charged in relation thereto;</li><li>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</li><li>▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner</li><li>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</li><li>▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and</li><li>▶ An opportunity to discuss auditor independence issues.</li></ul>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

# Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

## Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Simon Mathers, your audit engagement partner and the audit engagement team have not been compromised.

## Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees and no planned non-audit services.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

## Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report

## Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

## Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

# Other communications

## EY Transparency Report 2024

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2024 and can be found here: [EY UK 2024 Transparency Report](#).



## 09 Appendices

# Appendix A – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

## **Preparation of the statement of accounts**

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- ▶ prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;
- ▶ ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.
- ▶ assign responsibilities clearly to staff with the appropriate expertise and experience;
- ▶ provide necessary resources to enable delivery of the plan;
- ▶ maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;
- ▶ ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
- ▶ ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and
- ▶ during the course of the audit provide responses to auditor queries on a timely basis.

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

# Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The agreed fee presented is based on the following assumptions:

- ▶ officers meeting the agreed timetable of deliverables;
- ▶ our financial statement opinion and value for money conclusion being unqualified;
- ▶ appropriate quality of documentation is provided by the Council;
- ▶ an effective control environment; and
- ▶ compliance with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

	2024/25	2022/23
	£	£
Total Fee - Code Work	318,043 Note 3	291,895 Note 1
Scale Fee Variation	TBC	33,860 Note 2
<b>Total fees</b>	<b>TBC</b>	<b>TBC</b>

*All fees exclude VAT*

1) As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2022/23 and 2023/24 audits.

2) The 2023/24 work is now complete and we intend to submit a proposal to PSAA for a scale fee variation totalling £33,860. This final fee includes an adjustment for the following areas:

- Additional procedures to implement the revised ISA 315 (UK) auditing standard as originally set out in our Audit Planning Report, totalling £4,928
- Additional procedures to consider the Council's readiness for the implementation of IFRS 16 as originally set out in our Audit Planning report, totalling £776.
- Additional work performed to ensure the accounts were appropriately amended for errors identified during the audit £2,738
- Involvement of our EYRE valuation professionals in response to the assessed significant risk to support PPE and IP valuation, totalling £4,472
- In order to obtain increased level of assurance on the following balances we tested two years of transactions for the following balances and/ or transactions £15,816:
  - Pension liability (includes roll forward of the pension liability for 2 years by our specialist)
  - Additions and disposals of PPE
  - Starters and leavers
  - Payroll testing (SAR)
  - Depreciation (SAR)
  - Grants received in advance, including grant receipts and grant expenditure

# Appendix B – Audit Fees (cont'd)

*All fees exclude VAT*

- Additional procedures performed on the complimentary user access controls (CUECs) and control deficiencies as reported in the ISAE 3402 report £2,806.
- Additional work performed due to delays in receiving supporting evidence for starters and leavers testing and grants received in advance leading to significant follow-up and incorrect creditor and debtors' listings provided totalling £2,324

3) Scale fees for 2024/25 have been increased by PSAA to cover additional audit work under revised standards and a contractual inflationary increase payable to audit firms. The new work relates to revised auditing standard ISA (UK) 315 (risks of material misstatement) and linked work on ISA (UK) 240 (fraud).



# Appendix C – Required communications with the Audit Committee

We have detailed the communications that we must provide to the audit committee.

Our Reporting to you		
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA’s appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA’s appointed auditors and audited bodies.
Planning and audit approach	Communication of: <ul style="list-style-type: none"> <li>▶ The planned scope and timing of the audit</li> <li>▶ Any limitations on the planned work to be undertaken</li> <li>▶ The planned use of internal audit</li> <li>▶ The significant risks identified</li> </ul> When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report, as presented to the Audit and Governance Committee June 2025
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> <li>▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit)</li> </ul>	Audit results report - tbc

# Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you		
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report - tbc
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit results report - tbc
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements</li> </ul> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud</li> <li>▶ Any other matters related to fraud, relevant to Audit Committee responsibility</li> </ul>	Audit results report - tbc

# Appendix C – Required communications with the Audit Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report - tbc
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> <li>▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> </ul> </li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p> <ul style="list-style-type: none"> <li>▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit</li> <li>▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard</li> <li>▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence</li> </ul>	Audit planning report, to be presented to the Audit and Governance Committee June 2025 and Audit Results Report

# Appendix C – Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> <li>▶ Management’s refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report - tbc
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of</li> </ul>	Audit results report - tbc
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit results report - tbc

# Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you		
Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> <li>▶ Fraud or suspected fraud involving management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the financial statements</li> <li>▶ Significant deficiencies identified in the group's system of internal control</li> </ul>	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - tbc
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results report - tbc
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - tbc
Auditors report	<ul style="list-style-type: none"> <li>▶ Key audit matters that we will include in our auditor's report</li> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report - tbc
Value for Money	<ul style="list-style-type: none"> <li>▶ Our risk assessment and any areas where we have identified risk of material weaknesses in arrangements in areas covered by the three VFM criteria;</li> <li>▶ The outcome of our work, any identified material weaknesses in arrangements against the three VFM criteria and our VFM commentary</li> </ul>	Audit results report - Tbc Auditors annual report - Tbc

## EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

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Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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ED None

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# Oxfordshire Pension Fund Audit Planning Report

Year ended 31 Month 2025

**April 2025**

Page 203



Oxfordshire Pension Fund  
County Hall  
New Road  
Oxford  
OX1 1ND

7 April 2025

Dear Audit and Governance Committee Members

### **Audit Planning Report**

Attached is the audit Planning Report for the upcoming meeting of the Audit and Governance Committee. This report aims to provide the Audit and Governance Committee of Oxfordshire Pension Fund (the Fund) with a basis to review the proposed audit approach and scope for the 2024/25 audit. This is in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements. This report summarises our evaluation of the key issues driving the development of an effective audit. We have aligned our audit approach and scope accordingly. The report also addresses the broader impact of Government proposals aimed at establishing a sustainable local audit system.

As the Fund's body charged with governance, the Audit and Governance Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the Fund's wider arrangements to support a timely and efficient audit. Failure to achieve this will affect the level of resources required to fulfil our responsibilities. We will report on any issues identified in the Fund's external financial reporting arrangements as part of our Audit Results Reports and communications with those charged with governance. We direct Audit and Governance Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements (see Appendix A).

(continued)



This report is intended solely for the information and use of the Audit and Governance Committee and management, and is not intended to be, and should not be used, by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 04 June 2025 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Simon Mathers

Partner

For and on behalf of Ernst & Young LLP

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# Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the **Audit and Governance Committee and management** of Oxfordshire Pension Fund. Our work has been undertaken so that we might state to the **Audit and Governance Committee and management** of Oxfordshire Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Oxfordshire Pension Fund for this report or for the opinions we have formed.



# 01 2024/25 audit strategy overview

# 2024/25 audit strategy overview

## Context

Timely, high-quality financial reporting and audit of local bodies play a crucial role in our democratic system. It aids in effective decision-making by local bodies and ensures transparency and accountability to local taxpayers. There is a consensus that the delay in publishing audited financial statements by local bodies has reached an unacceptable level, and it is acknowledged that cooperation among all stakeholders in the sector is necessary to address this issue. The reasons for the backlog are well-documented and include:

- ▶ Insufficient capacity within the local authority financial accounting profession.
- ▶ Increased complexity of reporting requirements within the sector.
- ▶ Insufficient capacity within audit firms with public sector experience.
- ▶ Heightened regulatory pressure on auditors, leading to an expanded scope and extent of audit procedures performed.

The Ministry for Housing, Communities and Local Government (MHCLG) has collaborated with the Financial Reporting Council (FRC) and other system partners to develop and implement measures to address the backlog. SI 2024/907, along with the NAO Code and the Local Authority Reset and Recovery Implementation Guidance, have been created to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). In February 2025, responsibilities for leadership of the local audit system transferred from the FRC back to MHCLG. This change follows the December 2024 launch of the Government's strategy for reforming the local audit system in England, which includes plans to establish a Local Audit Office. The approach to addressing the backlog consists of three phases:

- ▶ **Phase 1: Reset;** clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024. This is largely complete.
- ▶ **Phase 2: Recovery from Phase 1;** from 2023/24, use backstop dates to prevent a recurrence of the backlog and allow assurance to be rebuilt over multiple audit cycles. The backstop date for the audit of the 2024/25 financial statements is 27 February 2026. Auditors are waiting for guidance from the system leader to effectively, efficiently and consistently build back assurance over disclaimed audit periods.
- ▶ **Phase 3: Reform;** involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

# 2024/25 audit strategy overview

## Responsibilities of management and those charged with governance

The Adminstrating Body's Section 151 Officer is responsible for preparing the financial statements of the Fund in accordance with proper practices and confirming they give a true and fair view at the 31 March 2025. To complete the audit in a timely and efficient manner, it is essential that the financial statements are supported by high-quality working papers and audit evidence, and that Council resources are available to support the audit process within agreed deadlines. The Audit and Governance Committee has an essential role in ensuring that it has assurance over both the quality of the financial statements and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this conditions are not met, we will:

- ▶ Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our Audit Results Report and other communications with those charged with governance.
- ▶ Assess the impact on available audit resource and where additional resources are deployed, seek a fee variation from PSAA. We have set out the factors that will lead to a fee variation at Appendix B, together with, at Appendix A, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.

# 2024/25 audit strategy overview

The following ‘dashboard’ summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Presumptive risk of management override of controls	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of inappropriate posting of investment journals	Fraud risk	No change in risk or focus	Investment valuations are manually input on the general ledger. Our judgement is that the Pension Fund’s fraud risk relates to inappropriate journal posting of investments as reported by the custodian. This would affect the long-term investment portfolio value.
Valuation of Level 3 Investments	Significant risk	No change in risk or focus	<p>The Pension Fund held Level 3 assets valued at £963.56 million as at 31 March 2024 per the audited 2023/24 accounts. Judgements are taken by Investment Managers to value those investments whose prices are not publicly available.</p> <p>There is a risk that these are materially misstated given the complexity of the measurement and degree of estimation involved.</p> <p>The material nature of the investments means that any error in judgement could result in a material valuation error. Market volatility means such judgments can quickly become outdated, especially when there is a significant time-period between the latest available audited valuation information and the Fund year end. These variations could have a material impact on the financial statements.</p>
Valuation of Level 2 investments	Risk of material misstatement	No change in risk or focus	<p>The valuation of investments under Level 2 fair value hierarchy are based on observable inputs such as bid price in the market for similar instruments.</p> <p>There is a risk that the comparable inputs are not appropriate, and valuation could be misstated.</p>

# 2024/25 audit strategy overview

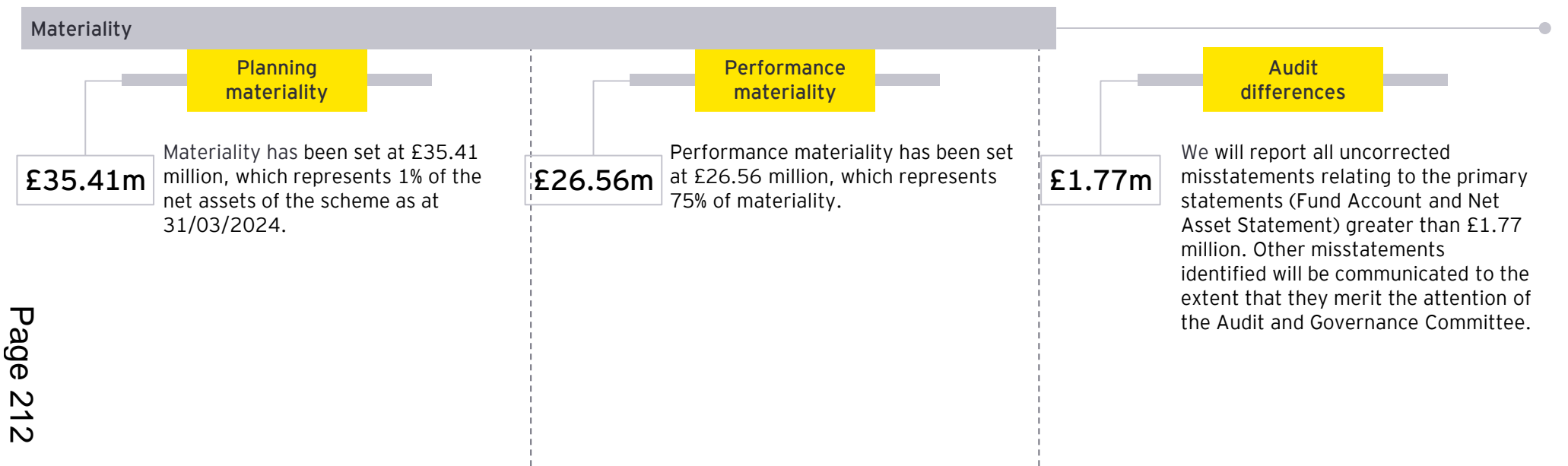
The following ‘dashboard’ summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
IAS26 disclosure - Actuarial Present Value of Promised Retirement Benefits	Risk of material misstatement	No change in risk or focus	<p>Every three years, a formal valuation of the whole Fund is carried out under the Local Government Pension Scheme Regulations 2013 to assess and examine the ongoing financial position of the Fund. The last fund valuation was 31 March 2022 when the fund’s liability was recalculated by the actuary and was used to set employer contribution rates and underpin investment management strategy.</p> <p>IAS26 requires post-employment benefits plans to disclose annually the basis used to determine the actuarial present value of promised retirement benefits, including demographic and financial key assumptions.</p> <p>The estimate is based on a roll-forward of data from the previous triennial valuation, updated where necessary, and takes into account various factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields.</p> <p>We consider there is a risk around the estimation process, data and assumptions used by the actuary when estimating the Actuarial Present Value of Promised Retirement Benefits.</p>

We will continue to keep the Audit and Governance Committee updated on our assessment of any changes to audit risk.

# 2024/25 audit strategy overview



We will keep the Audit and Governance Committee updated on any changes to materiality levels as the audit progresses.



# 2024/25 audit strategy overview

## Audit scope

This Audit Planning Report covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Oxfordshire Pension Fund (the Pension Fund) give a true and fair view of the financial transactions during the year ended 31 March 2025 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2025; and
- ▶ Our opinion on the consistency of the Pension Fund financial statements within the Pension Fund Annual Report with the published financial statements of Oxfordshire County Council.

Our audit will also include the required mandatory procedures in accordance with applicable laws and auditing standards.

When planning the audit we consider several key inputs:

- ▶ strategic, operational and financial risks relevant to the financial statements;
- ▶ developments in financial reporting and auditing standards;
- ▶ the quality of systems and processes;
- ▶ changes in the business and regulatory environment; and
- ▶ management's views on all the above.

By considering these inputs, our audit is focused on the areas that matter, and our feedback is more likely to be relevant.

Considering the above, our professional duties require us to independently assess audit risks and take appropriate actions. The Terms of Appointment with the PSAA permit fee adjustments based on 'the auditor's assessment of risk and the work needed to meet their professional responsibilities'. Therefore, we outline these risks in this audit planning report and will discuss any impact on the proposed scale fee with management.

# 2024/25 audit strategy overview

## Audit scope (Cont.)

### *Effects of climate-related matters on financial statements*

Public interest in climate change is growing. We recognize that climate-related risks may span a long timeframe, and while these risks exist, their impact on the current financial statements may not be immediately significant. However, it remains essential to understand these risks to conduct a proper evaluation. Additionally, comprehending climate-related risks may be pertinent in the context of qualitative disclosures in the notes to the financial statements.

We inquire about climate-related risks during every audit as part of our understanding of the entity and its environment. As we continually re-evaluate our risk assessments throughout the audit, we consider the information obtained to help us assess the level of inherent risk.

### *Audit scope and approach*

We plan to adopt a substantive audit approach.

## Timeline

An audit timetable has been agreed with management. In Section 6 we include a provisional timeline for the audit. It is essential that all parties collaborate to ensure compliance with this timeline.



## 02 Audit risks

# Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

## Presumptive risk of management override of controls \*

### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

### What will we do?

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- ▶ Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- ▶ Evaluating the business rationale for significant unusual transactions outside the normal course of business.
- ▶ Assessing accounting estimates for evidence of management bias

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that no other procedures are required.

# Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Risk of inappropriate posting of investment journals \*

## What is the risk?

Investment valuations are manually input on the general ledger, so there is opportunity to manipulate the valuation of investments reported in the Net Asset Statement.

## What will we do?

Our approach will focus on:

- ▶ testing of journals at year-end to ensure there are no unexpected or unusual postings;
- ▶ undertaking a review of reconciliations between the fund manager/ custodian reports and investigating any reconciling differences over a specified threshold;
- ▶ re-performance of the detailed investment note using the reports we have acquired directly from the custodian or fund managers; and
- ▶ checking the reconciliation of holdings included in the Net Assets Statement back to the source reports.

We will use our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries for evidence of management bias and evaluate for business rationale.

# Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Valuation of Level 3 investments	What is the risk?	What will we do?
<p> Misstatements that occur in relation to complex investments valued at Level 3 fair value hierarchy such as unquoted equities, pooled property and pooled infrastructure funds. </p> <p> Total of Level 3 investments held by the Fund at 31 March 2024 was £963.56 million per the 2023/24 audited accounts. This accounts for over 27% of the overall Fund’s assets. </p> <p> If this were to happen it would have the impact on Investment Assets and Net Assets in the Net Asset Statement and Return on Investments section of the Revenue and Fund Account. </p>	<p> Judgements are taken by Investment Managers to value these investments whose prices are not publicly available. </p> <p> There is a risk that these are materially misstated given the complexity of the measurement and degree of estimation involved. </p> <p> The material nature of the investments means that any error in judgement could result in a material valuation error. Market volatility means such judgments can quickly become outdated, especially when there is a significant time-period between the latest available audited valuation information and the Fund year end. These variations could have a material impact on the financial statements. </p>	<p> Our approach will focus on: </p> <ul style="list-style-type: none"> <li>Analysing a schedule of investments to ensure correct classification, presentation and disclosure of items in the financial statements and corresponding notes.</li> <li>Understanding and evaluating of the work of management’s experts.</li> <li>Evaluating the ISAE 3402 report for Custodian and Fund Managers where applicable.</li> <li>Reviewing the latest audited accounts for the relevant Fund Managers to ensure there are no matters arising that highlight weaknesses in the funds valuation.</li> <li>Where the latest audited accounts are not as at 31 March 2025, inquiry of what procedures management have performed to take account of this risk, performing analytical procedures and checking the valuation output for reasonableness against our own expectations.</li> <li>Reviewing the basis of valuation for property investments and other unquoted investments and assessing the appropriateness of the valuation methods used.</li> <li>Reviewing investment valuation disclosures to verify that significant judgements surrounding the valuation of Level 3 Investments have been appropriately made in the financial statements.</li> <li>Performing triangulation work to agree amount per the financial statements to Fund Manager and to Custodian.</li> <li>Testing accounting entries have been correctly processed in the financial statements.</li> <li>Assessing topside adjustments and journal entries for evidence of management bias and evaluate for business rationale.</li> </ul>

# Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus, and the key judgements and estimates?

## Valuation of investments Level 2 Investments

The Pension Fund held £2,472 million Level 2 investments at 31 March 2024. These are assets where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Valuations are based on either evaluated prices provided by independent pricing services, closing bid price where bid and offer are published or estimated valuation reported by a counterparty.

Our response: Key areas of challenge and professional judgement

We will:

- ▶ Where the funds are actively traded in listed markets/exchange, test the valuation by using the EY Securities Pricing Valuation automation within EY Canvas;
- ▶ Alternatively, inspecting quotations, financial statements of investees and other evidence of current value, cost or equity amount of investments and test that investments are classified, recorded and measured in accordance with the entity's accounting policies and applicable financial reporting framework;
- ▶ Perform triangulation work to agree amounts per the financial statements to Fund Manager and to Custodian; and
- ▶ Where Level 2 Investments are not listed, we may revert to Level 3 testing as detailed on page 16.

What else will we do?

We will:

- ▶ Analyse schedule of investments to ensure correct classification, presentation and disclosure of items in the financial statements and corresponding notes.
- ▶ Evaluate the ISAE 3402 report for Custodian and Fund Managers where applicable.

# Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus, and the key judgements and estimates?

**IAS26 disclosure - Actuarial Present Value of Promised Retirement Benefits**

IAS26 requires post-employment benefits plans to disclose annually the basis used to determine the actuarial present value of promised retirement benefits, including demographic and financial key assumptions. The estimate is based on a roll-forward of data from the previous triennial valuation in 2022, updated where necessary, and takes into account assumptions.

The information disclosed is based on the IAS 26 report issued to the Fund by the actuary to the Fund.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our response: Key areas of challenge and professional judgement

We will:

- ▶ Assess the work of the pension fund actuary including the assumptions they have used by relying on the work of the Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model

What else will we do?

We will ensure that the IAS 26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary.



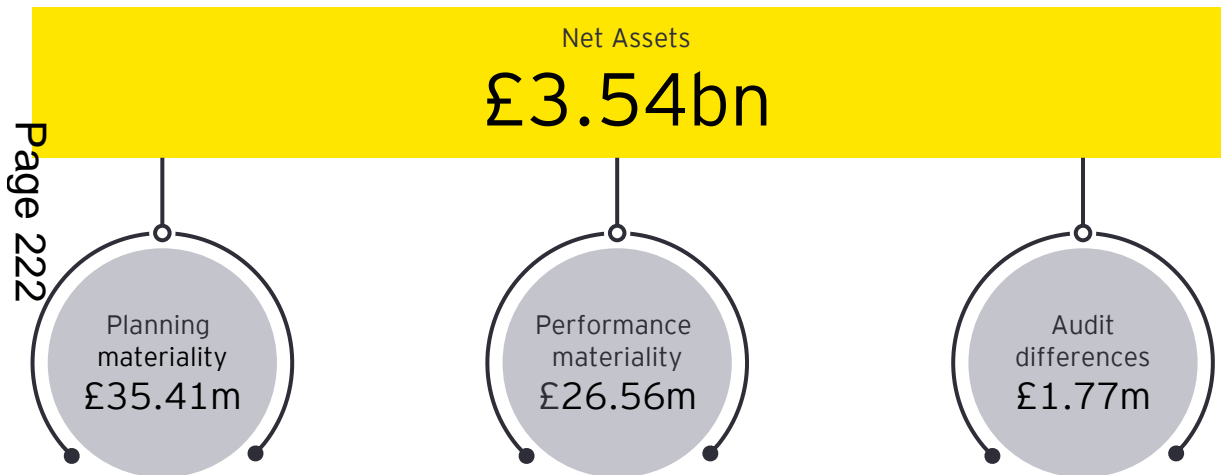


## 03 Audit materiality

# Materiality

## Materiality

For planning purposes, materiality for 2025 has been set at £35.41 million. This represents 1% of the Pension Fund’s net assets as at 31 March 2024. It will be reassessed throughout the audit process. We consider net assets to be the appropriate basis of materiality for the Fund due to the scale and interest to users of the financial statements. We have provided supplemental information about audit materiality in Appendix F.



## Key definitions

**Planning materiality** – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £26.56 million which represents 75% of materiality. This is based on our expectation of few misstatements for the audit and consistent with the prior year.

**Audit difference threshold** – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount.

Other uncorrected misstatements, such as reclassifications and misstatements in disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Governance Committee, or are important from a qualitative perspective.

We will keep the Audit and Governance Committee updated on any changes to materiality levels as the audit progresses.

We request that the Audit and Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.



## 04 Scope of our audit

# Audit process and strategy

## Objective and Scope of our Audit scoping

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the Council. We issue an audit report that covers:

### 1. Financial statement audit

Our opinion on the financial statements:

- ▶ Whether the financial statements give a true and fair view of the Revenue and Fund Account and Net Asset Statement for the Pension Fund for the period in question, including on the consistency of the Pension Fund financial statements within the Pension Fund Annual Report with the published financial statements of Oxfordshire County Council; and
- ▶ Whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- ▶ Whether other information published together with the audited financial statements is consistent with the financial statements.

Other procedures required by the Code:

- ▶ Reviewing and reporting on matters on which we report by exception as required.

# Audit process and strategy

## Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.
- ▶ Reliance on the work of other auditors where appropriate;
- ▶ Reliance on the work of experts in relation to areas, such as valuation of the Pension Fund.

Our initial assessment of the key processes across the Fund has not identified any processes where we will seek to test key controls, either manual or IT. Our audit strategy will, as in previous years, follow a fully substantive approach. This will involve testing the figures within the financial statements rather than looking to place reliance on the controls within the financial systems. We assess this as the most efficient way of carrying out our work and obtaining the level of audit assurance required to conclude that the financial statements are not materially misstated.

## Analytics

We will use a data driven approach to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

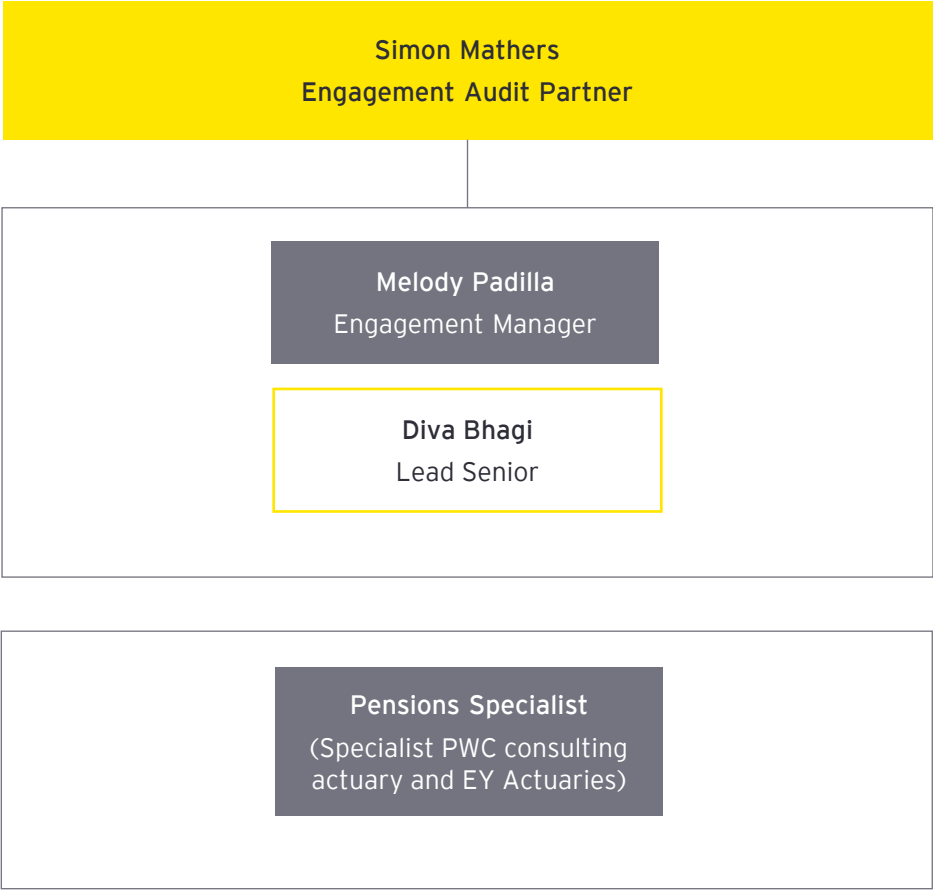
## Internal audit

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



## 05 Audit team

# Audit team



\* Key Audit Partner

# Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
IAS 26 disclosure	Management Specialist - Hymans Robertson
	Consulting Actuary to the NAO on behalf of audit providers - PWC
	EY Specialist - EY Pension Advisory Team (leveraging off the work performed for the County Council)

In accordance with Auditing Standards, we will evaluate each specialist’s professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Fund’s business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- Assess the reasonableness of the assumptions and methods used
  - Consider the appropriateness of the timing of when the specialist carried out the work
  - Assess whether the substance of the specialist’s findings are properly reflected in the financial statements





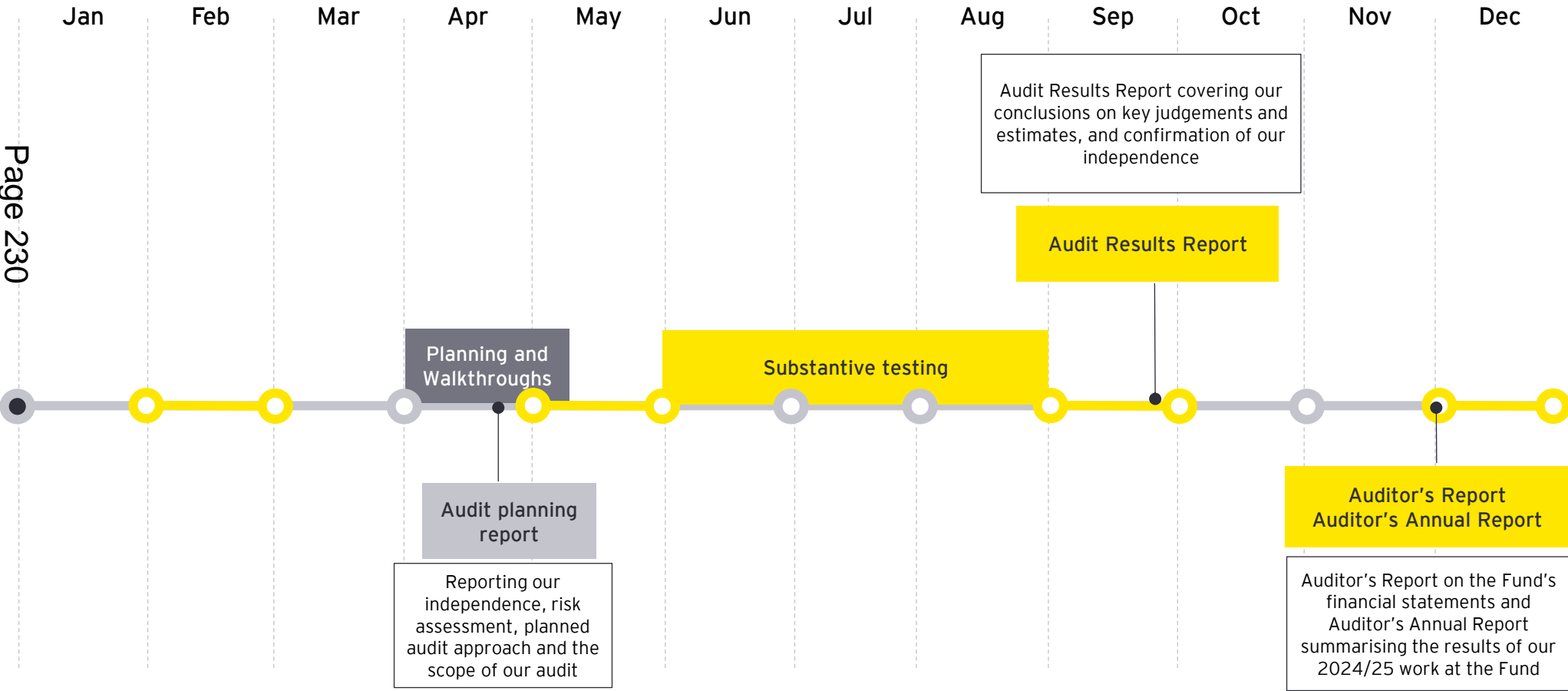
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## Audit timeline

# Timetable of communication and deliverables

## Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the 2024/25 audit cycle. From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Audit and Governance Committee Chair as appropriate.





07

# Independence

# Introduction

The FRC Ethical Standard 2019 and ISA (UK) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence</li> </ul>	<ul style="list-style-type: none"> <li>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit/additional services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</li> <li>▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner</li> <li>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</li> <li>▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

# Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

## Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Simon Mathers, your audit engagement partner and the audit engagement team have not been compromised.

## Self interest threats

A self interest threat arises when EY has financial or other interests in the Fund. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees. We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you. At the time of writing are currently no non-audit services being provided to the Fund. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4. There are no other self interest threats at the date of this report.

## Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. There are no self review threats at the date of this report.

## Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

## Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

# Other communications

## EY Transparency Report 2024

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2024 and can be found here: [EY UK 2024 Transparency Report](#).



## 08 Appendices

# Appendix A – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

## **Preparation of the statement of accounts**

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- ▶ prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;
- ▶ ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.
- ▶ assign responsibilities clearly to staff with the appropriate expertise and experience;
- ▶ provide necessary resources to enable delivery of the plan;
- ▶ maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;
- ▶ ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
- ▶ ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and
- ▶ during the course of the audit provide responses to auditor queries on a timely basis.

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.



# Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

The agreed fee presented is based on the following assumptions:

- officers meeting the agreed timetable of deliverables;
- our financial statement opinion being unqualified;
- appropriate quality of documentation is provided by the Council;
- ▶ an effective control environment; and
- ▶ compliance with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

	2024/25 Current Year	2023/24 Prior Year
	£	£
Code Work - scale fee	94,181 (Note 2)	83,244
Changes in work required to address professional and regulatory requirements and scope associated with risk	TBC	23,682 (Note 1)
<b>Total audit fees</b>	<b>TBC</b>	<b>TBC</b>

*All fees exclude VAT*

(1) The 2023/24 work is now complete, and we intend to submit a proposal to PSAA for a scale fee variation totalling £23,682. This final fee includes an adjustment for the following areas:

- Additional procedures to implement the revised ISA 315 (UK) auditing standard as originally set out in our Audit Planning Report totalling £7,252.
- Work to undertake IAS19 procedures on behalf of scheduled body auditors totalling £4,306.
- Work and review processes in relation to address continuing regulatory requirements totalling £2,252.
- Work on technical accounting issues and complex asset valuation totalling £6,838.
- Quality and preparation issues leading to extra work totalling £3,034.

(2) Scale fees for 2024/25 have been increased by PSAA to cover additional audit work under revised standards and a contractual inflationary increase payable to audit firms. The new work relates to revised auditing standard ISA (UK) 315 (risks of material misstatement) and linked work on ISA (UK) 240 (fraud).

# Appendix C – Required communications with the Audit Committee

We have detailed the communications that we must provide to the Audit and Governance Committee.

Our Reporting to you		
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of: <ul style="list-style-type: none"><li>▶ The planned scope and timing of the audit</li><li>▶ Any limitations on the planned work to be undertaken</li><li>▶ The planned use of internal audit</li><li>▶ The significant risks identified</li></ul> When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report, as presented to the Audit and Governance Committee June 2025
Significant findings from the audit	<ul style="list-style-type: none"><li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li><li>▶ Significant difficulties, if any, encountered during the audit</li><li>▶ Significant matters, if any, arising from the audit that were discussed with management</li><li>▶ Written representations that we are seeking</li><li>▶ Expected modifications to the audit report</li><li>▶ Other matters if any, significant to the oversight of the financial reporting process</li></ul>	Audit results report - Audit and Governance Committee, November 2025

# Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you		
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report – Audit and Governance Committee, November 2025
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit results report – Audit and Governance Committee, November 2025
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements</li> </ul> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud</li> <li>▶ Any other matters related to fraud, relevant to Audit and Governance Committee responsibility</li> </ul>	Audit results report – Audit and Governance Committee, November 2025

# Appendix C – Required communications with the Audit Committee (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report - Audit and Governance Committee. November 2025
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> <li>▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</li> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report, to be presented to the Audit and Governance Committee June 2025</p> <p>Audit results report - Audit and Governance Committee, November 2025</p>
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report - Audit and Governance Committee, November 2025
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of</li> </ul>	Audit results report - Audit and Governance Committee, November 2025
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit results report - Audit and Governance Committee November 2025

# Appendix C – Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - Audit and Governance Committee, November 2025
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results report - Audit and Governance Committee, November 2025
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - Audit and Governance Committee, November 2025
Auditors report	<ul style="list-style-type: none"> <li>▶ Key audit matters that we will include in our auditor’s report</li> <li>▶ Any circumstances identified that affect the form and content of our auditor’s report</li> </ul>	Audit results report - Audit and Governance Committee, November 2025

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ED None

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# **Oxfordshire County Council Auditors Annual Report**

Year ended 31 March 2024

Page 243  
May 2025

Audit and Governance Committee  
County Hall  
New Road  
Oxford OX1 1ND

22 May 2025

Dear Audit & Governance Committee Members

**2023/24 Auditor's Annual Report**

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for Oxfordshire County Council. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

This report is intended to draw to the attention of the Council's any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 4 June 2025.

Yours faithfully



Stephen Reid

Partner

For and on behalf of Ernst & Young LLP

Encl



# Contents

## 01 Executive Summary



## 02 Audit of the financial statements



## 03 Value for Money Commentary



## 04 Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website ([Statement of responsibilities of auditors and audited bodies \(from 2023/24 audits\) - PSAA](#)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Oxfordshire County Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit and Governance Committee and management of Oxfordshire County Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Audit and Governance Committee and management of Oxfordshire County Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary

# Executive Summary

## Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Council and the wider public relevant issues from our work including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

The 2024 Code paragraph 4.10 has suspended the requirement to issue an auditor's annual report by 30 November. It states that auditors may exercise judgement to determine when to issue their annual report including their commentary on arrangements to secure value for money.

## Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we issued on 22 April 2024. We have complied with the NAO's 2024 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- the 2023/24 financial statements;
- conclusions relation to going concern; and
- the consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- any significant matters or written recommendations that are in the public interest; and
- if we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

## Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

# Executive Summary (continued)

## 2023/24 Conclusions

<p>Page 248</p> <p>Financial statements</p>	<p>The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').</p> <p>The audit of the financial statements for the year ended 31 March 2023 for Oxfordshire County Council was not completed for the reasons set out in the disclaimer of opinion on those financial statements dated 28 November 2024.</p> <p>Our audit work in the current year was focused on transactions in the year and the current year balance sheet.</p> <p>As a result of the disclaimer of opinion in the prior year and the scope of our audit work which was impacted by the backstop date, we do not have sufficient appropriate audit evidence over the following:</p> <ul style="list-style-type: none"> <li>➤ in the balance sheet and accompanying notes: the opening balances, closing reserves position and the valuation of property assets held at valuation included in 'other land and buildings' that were not revalued in year.</li> <li>➤ in the comprehensive income and expenditure account and accompanying notes: comparatives and income and expenditure transactions that are impacted by the opening balances shown in the prior year balance sheet.</li> <li>➤ in the cash flow statement and accompanying notes: opening balances, comparatives and in-year cash flow movements that are calculated as a movement between the opening and closing balance sheet.</li> </ul> <p>We therefore issued a disclaimed 2023/24 audit opinion on 10 February 2025.</p>
<p>Going concern</p>	<p>We have concluded that the Executive Director for Resources and Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p>
<p>Consistency of the other information published with the financial statements</p>	<p>Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.</p>
<p>Consistency of the Pension Fund annual report and other information published with the financial statements</p>	<p>Financial information in the Pension Fund Annual report and published with the financial statements was consistent with the audited accounts.</p>
<p>Value for money (VFM)</p>	<p>We had no matters to report by exception on the Council's VFM arrangements. We have included our VFM commentary in Section 03.</p>
<p>Consistency of the annual governance statement</p>	<p>We were satisfied that the annual governance statement was consistent with our understanding of the Council.</p>


# Executive Summary (continued)

## 2023/24 Conclusions

Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of Government Accounts	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.
Certificate	We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Oxfordshire County Council

# Executive Summary (continued)

Value for Money



Scope

Auditors are required to be satisfied that Oxfordshire County Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements published as part of the Auditor's Annual Report.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the Executive Director for Resources and Section 151 Officer and the Chief Accountant;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

# Executive Summary (continued)



Our commentary for 2023/24 is set in section 03. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24. We include within the VFM commentary below the associated recommendation we have agreed with the Council.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria.

In accordance with the NAO’s 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures and whether we have concluded that there is a significant weakness in the body’s arrangements.

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Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
<b>Governance:</b> How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
<b>Improving economy, efficiency and effectiveness:</b> How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

# Executive Summary (continued)

## Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)





## 02 Audit of the financial statements

# Audit of the financial statements

## Key findings

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 10 February 2025, we issued a disclaimed audit opinion on the financial statements. The audit of the financial statements for the year ended 31 March 2023 for Oxfordshire County Council was not completed for the reasons set out in the disclaimer of opinion on those financial statements dated 28 November 2024. Our audit work in the current year was focused on transactions in the year and the current year balance sheet. As a result of the disclaimer of opinion in the prior year and the scope of our audit work which was impacted by the backstop date.

We reported our audit scope, risks identified and detailed findings to the March Audit & Governance Committee meeting in our Audit Results Report. We outline below the key issues identified as part of our audit in relation to the significant risk areas. The findings for each of the accounts areas are set out in the Audit Results Report in Appendix A. We reported 8 internal control recommendations and 8 areas for improvement in the control environment in the Audit Results Report.

### Oxfordshire County Council

Significant risk	Conclusion
Misstatements due to fraud or error - Management override of controls	We identified no evidence of material misstatement due to fraud or error. We did identify instances where there were no supporting evidence that journals were authorised prior to posting for 3 out of the 31 samples selected. We consider this to be a weakness in internal control and have raised an associated recommendation for improvement.
Misstatements due to fraud or error - Risk of manipulation of reported financial performance	Our audit work found no indication of fraud in either revenue or expenditure balances.
Misstatements due to fraud or error - capitalisation of revenue expenditure	We identified no evidence of material misstatement due to incorrect capitalisation of revenue expenditure from our testing of Property, Plant & Equipment additions or testing of Revenue Expenditure Funded from Capital Under Statute. However, our testing identified that staff timesheets used to support capitalised labour costs were not subject to management review and could be retrospectively amended. We consider this to be a weakness in internal control and raised an associated recommendation for improvement that was accepted by management.
Valuation of investment property	There are no material errors or other material matters that we wish to draw to your attention.
Valuation of property, plant and equipment	Our work did not identify any adjustments above our reporting threshold. However, the Council failed to process the valuation on the fixed asset register at the correct point in time which resulted in a trivial misstatement of the financial statements. This constituted a weakness in internal control.

# Audit of the financial statements (cont)

Oxfordshire Pension Fund	
Significant risk	Conclusion
Misstatements due to fraud or error (management override and incorrect posting of investment valuation journals)	We identified no evidence of material misstatement due to fraud or error.
Incorrect valuation of unquoted (Level 3) investments	We found no evidence that the Pension Funds level 3 investment valuations were materially misstated.



## 03 Value for Money Commentary

# Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is working to refine budgets and the Medium-Term Financial Strategy (MTFS) to respond to cost pressures as they emerge, and we recognize that effective financial planning remains difficult due to continuing uncertainties in the funding that will be made available to councils. Moreover, the Council has additional cost pressures due to the significant increase in inflation which was 10.1% in March 2023 and 4% in December 2023 latest available report (as per Consumer price inflation, UK - Office for National Statistics).

## Financial Performance:

By the end of the 2023/24 financial year, the directorates had an overspend of £6.6 million (1.1%). This was driven by persistent inflation, rising demand for children's social care, and workforce shortages. The directorates overspend was balanced by an underspend in the contingency fund held for risk and additional interest earned on cash balances. Overall, the council reported an underspend of £12.3 million, equivalent to -2.1% of the £578.8 million Net Operating Budget approved in February 2023.

## Medium Term Financial Strategy (MTFS):

The 2024/25 budget is balanced, but from 2025/26 onwards, there is a gap between projected spending and available funding. There is uncertainty around future government funding, with likely real terms cut to local government, posing a risk to the council's financial stability. As a result, the council must focus on creating balanced budgets over the medium term to maintain financial sustainability.

The main risks in the 2024/25 budget relate to demand and inflation. To mitigate these, alongside £36.8 million allocated for inflationary pressures, the proposed budget includes a £7.3 million contingency and an additional £1.5 million for inflation risk in Adult Services. Whilst the 2024/25 budget is balanced, there remains a gap between estimated spend and funding streams for 2025/26, this is in line with previous years and it largely due to the funding uncertainty which does not become clear until the Local Government Finance Settlement is released.

As well as holding a contingency budget, general balances are also held to ensure that a major incident or emergency can be managed without impacting on other services. In reaching the decision on the level of balances budgeted for 2024/25, the Section 151 officer considered the strategic, operational and financial risks facing the Council including its ability to deliver planned savings, as well as external risks such as the impact of flooding. The recommended level of balances for 2024/25 based on the risk assessment was £30.2m

**Conclusion:** Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

# Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness

All Council decisions are made in accordance with the Council's Constitution including the Council's Financial Regulations. The Constitution includes the roles and responsibilities of the Executive, Committees, Full Council and Chief Officers and the rules under which they operate. How decisions are made and how procedures are to be followed to ensure that actions are efficient, legal, transparent and accountable to the community. Many of these processes are required by statute, while the Council has determined others locally. The Financial Regulations, set out the roles and responsibilities for the Council, each of its committees and executive staff (including the Section 151 and Monitoring Officer). Executive decisions are made by the Executive Body being the Leader and Cabinet, within the overall policy and budgetary framework approved by Full Council. Any decisions the Executive wish to take outside of the framework must be referred to Full Council to decide. Scrutiny committees monitor the work of the Executive Body.

The Council has sought to develop systems to identify, evaluate and mitigate risks which threaten its ability to meet its objectives to deliver services to the public. To ensure that risks are appropriately mitigated, a Risk Register has been developed. Strategic risks are reviewed monthly as part of business management and monitoring processes. Risks can be added and escalated at any time during the year. The Audit and Governance Committee reviews the risks and the appropriateness of actions taken to manage risks. The risk register is also discussed at the Cabinet Meetings. The risks are consistent with our broader expectation and consider the service level of impacts of both the Adult's, Children's and FRS inspections, and have been updated and amended based on the latest reports received. We also note the risk around the Council's financial resilience and sustainability in the medium term. In addition, there is an established internal audit function and an annual opinion on internal control is given by the Head of Internal Audit. There is also an Internal Audit Charter which describes the purpose, authority, and responsibility of internal audit activity. The Head of Internal Audit opinion for 2023/24 was 'satisfactory'.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.**

# Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Council strategic plan (2023 -2025) sets out the Council's vision to lead positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county.

The Plan is supported by an Outcome Framework for corporate reporting for 2023-24, which includes Key Performance Indicators (KPIs) which are used to monitor the performance of the Council for the key priority areas. Performance in delivering the overall strategy, including progress towards targets, supporting performance measures and budget, is reviewed regularly and communicated through the county council's business management and monitoring reports. The reports are then reviewed by the council's Cabinet, senior management team and by the Performance and Corporate Services Overview and Scrutiny Committee.

The Council has a number of established scrutiny committees, including the Performance & Corporate Services Overview & Scrutiny Committee which scrutinises the budget proposals at its meetings in December and January before Cabinet propose the budget, MTFS and capital programme in February.

The Council continues to monitor and review their Strategic Plan and MTFS to ensure that the plan and KPI's is aligned to the changing environment especially given the current economic uncertainties. This furthermore enables the Council to identify services that are not performing as per expected targets according to their embedded priorities as per their Strategic Plan. This also enables the Council to ensure that actions are implemented to ensure the continuation of delivering of services.

The Council have the following partnerships in place which assists and improves the way it manages and delivers its services.

In 2023/24 the Council acted as the Accountable body for the Oxfordshire Local Enterprise Partnership (OxLEP). The LEP brings together representatives from academia, business and the public sector across Oxfordshire.

- As a result of the Ofsted and Care Quality Commission inspection held in July 2023, HMCI required the local area partnership to prepare and submit a priority action plan (area SEND) to address the identified areas for priority action. The action plan has been developed and progress is currently being monitored. A monitoring inspection will be carried out within approximately 18 months. The next full reinspection will be within approximately 3 years.
- The Council is a formal partner in the Integrated Business Centre (IBC) hosted by Hampshire County Council and is represented on the performance board of the IBC. Performance is formally reviewed on a quarterly basis, and this includes a range of performance measures, overlaid by comprehensive service performance reports, and agreed actions to drive continued collective performance improvement. The IBC also provides an ISAE 3402 Type 2 report in relation to the control environment. This allows OCC to monitor the control environment and follow up on any control weaknesses noted. During the current year, 7 control exceptions were noted in the report for which management have provided responses.
- The Council has two National Health Service Section 75 Pooled Budgets. One with Oxfordshire Clinical Commissioning Group and one with Oxford Health NHS Foundation Trust. The pooled budgets operate to provide better outcomes for patients within Oxfordshire and ensure that the resources in place are best utilised for maximum impact.
- The Oxfordshire Partnership is a joint committee of the six councils of Oxfordshire together with key strategic partners working together to deliver a better future for the county

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.**



# 04

# Appendices



# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The Council is working to refine budgets and the Medium-Term Financial Strategy (MTFS) to respond to cost pressures as they emerge and recognizes that effective financial planning remains difficult due to continuing uncertainties in the funding that will be made available to councils. Moreover, the Council has additional cost pressures due to the significant increase in inflation which was 10.1% in March 2023 and 4% in December 2023.</p> <p>By the end of the 2023/24 financial year, directorates had a cumulative overspend of £6.6 million (1.1%) with the biggest overspend being in Children Services of £7.7 million. This was driven by persistent inflation, rising demand for children's social care, and workforce shortages. The directorates overspend was balanced by an underspend in the contingency fund held for risk and additional interest earned on cash balances. Overall, the council reported an underspend of £12.3 million, equivalent to -2.1% of the £578.8 million Net Operating Budget approved in February 2023.</p> <p><b>Medium Term Financial Strategy (MTFS):</b> A budget for 2024/25 and medium-term financial strategy for 2024/25 to 2026/27 was passed in February 2024. The proposed 2024/25 budget and Medium-Term Financial Strategy to 2026/27 address rising inflation, demand pressures, and the ongoing effects of COVID-19. While the 2024/25 budget is balanced, a funding gap remains for 2025/26 and beyond. There is uncertainty around future government funding, with potential real-term cuts to local government, posing a risk to the Council's financial stability. As a result, the Council must focus on maintaining balanced budgets in the medium term to ensure long-term financial sustainability.</p> <p>The main risks in the 2024/25 budget relate to demand and inflation. To mitigate these, alongside £36.8 million allocated for inflationary pressures, the proposed budget includes a £7.3 million contingency and an additional £1.5 million for inflation risk in Adult Services.</p> <p>Due to increasing pressures and the need for savings, the budget carries a certain level of financial risk. To manage this, a corporate contingency of £7.3 million is proposed for 2024/25. This contingency is intended to cover risks such as higher-than-expected demographic pressures, unfunded new burdens, unbudgeted pay awards, inflationary risks, and the potential shortfall in achieving proposed savings. The importance of maintaining a contingency budget was demonstrated in 2023/24, when it was needed to cover the higher-than-expected pay award on an ongoing basis.</p>

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The business management and monitoring report for January 2024 was presented to Cabinet in March 2024. This report included the forecasted year end position and the performance against planned savings. Note 31 and 32 outlined that of the £10.2 million budgeted savings not achieved in 2022/23, 73% were delivered or were expected to be delivered in 2023/24, while 27% remained at risk.</p> <p>The Council's 2023/24 budget and indicative budgets for the following two years to 2025/26 have allowed for best estimates and considered any anticipated unavoidable pressures plus investments and the savings that are required to match the funding available. All the estimates within the proposed budget are the product of a comprehensive budget process with Cabinet Members, Corporate Directors and Directors resulting in agreement on the level of service delivery within the identified financial resources.</p> <p>Whilst the 2024/25 budget is balanced, there remains a gap between estimated spend and funding streams for 2025/26, this is in line with previous years and is largely due to funding uncertainties prior to the release of the Local Government Finance Settlement.</p>

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body plans to bridge its funding gaps and identifies achievable savings	The 2024/25 budget is balanced, but from 2025/26 onwards, there is a gap between projected spending and available funding. There is uncertainty around future government funding, with likely real terms cut to local government, posing a risk to the council's financial stability. As a result, the Council must focus on creating balanced budgets over the medium term to maintain financial sustainability.
	The main risks in the 2024/25 budget relate to demand and inflation. To mitigate these risks, alongside the £36.8 million allocated for inflationary pressures, the proposed 2024/25 budget includes a £7.3 million contingency and an additional £1.5 million for inflation risks in Adult Services.
	As reported in the 2023/24 Financial Strategy, the Councils' priority over the next two years will be to make investments that increase the ability to sustain high quality services to the residents of Oxfordshire while maintaining a balanced budget. This will be achieved by making capital investments that will reduce future costs, by transforming the effectiveness and efficiency of key services and by taking a more proactive approach to the management of the Council's property assets.
	The 2023/24 Financial Strategy of the Council have two key strategic indicators of which one is to ensure that the Council is financially resilient. One of the measures is <b>"Delivering to budget and achieving planned savings"</b> of which there are 3 targets. The performance against these targets is reported to bi-monthly to Cabinet. In addition, ongoing efforts are being made to maximize the delivery of both existing planned savings and new budget reductions throughout 2023/24. Savings plans continue to focus on managing demand, redesign services and income generation. Savings not expected to materialize in 2023/24 are factored into the 2024/25 Budget & Business Planning Process to ensure alignment with future financial goals.
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council has a detailed plan on how it is in the process of implementing its 'Strategic Plan 2023-25'. The intention of the plan is to bring together the Council's policy, business and financial planning and risk management. It is hoped it will be the vehicle for the County Council's decision making and planning to improve the use of the resources available, understanding the value for money the Council delivers and focused on its priority outcomes. The plan was taken to Cabinet on the same date that the medium-term financial plan was presented, this ensures alignments between the corporate plan and the annual budget setting process.</p> <p>As well as holding a contingency budget, general balances are also held to ensure that a major incident or emergency can be managed without impacting on other services. In reaching the decision on the level of balances budgeted for 2024/25, the Section 151 officer considered the strategic, operational and financial risks facing the Council including the ability to deliver planned savings, as well as external risks such as the impact of flooding. The recommended level of balances for 2024/25, based on the risk assessment, was £30.2 million.</p> <p>The Council takes a lead role in the Oxfordshire health, public health and care system. The Council's vision statement includes the current provisions of services and how these are expected to change in the future based on expected changes in demand.</p>

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>There is an integration between the Council’s business and financial planning and has been described above. This is then linked to its capital strategy and capital programme. The development of the annual budget and Medium-Term Financial Strategy, and detailed assumptions on the operations of the Council that underpin them, is now being driven by its vision of the future as set out in the Strategic Plan, which is also then linked to the key governance and control arrangements of the Council, for example its performance and risk management arrangements.</p> <p>This has shown that the Council is able to react and work effectively as part of wider system of public services.</p>
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>The Council has a number of established scrutiny committees. The Performance &amp; Corporate Services Overview &amp; Scrutiny Committee considers annual budget proposals at its meetings in December and January before Cabinet propose the budget, MTFS and capital program in February.. The Council has also established a new Education &amp; Young People Overview &amp; Scrutiny Committee to review and/or scrutinise decisions, or actions taken by the Council's Cabinet and to more generally consider the performance of the Council's services for young people. Scrutiny arrangements are to be reviewed in developing the Council's new Constitution and in the light of emerging statutory guidance.</p> <p>Any changes to demand are managed through regular budget monitoring and utilizing underspends in other areas. The Council also hold a healthy balance of investments although this is held with a long-term view, these are available where needed.</p>

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>To ensure that risks are appropriately mitigated, the Council's strategic risks as per the Strategic Risk Register are reviewed monthly as part of the Business management and monitoring process. Risks can be added and escalated at any time during the year.</p> <p>The Council has an established anti-fraud and corruption strategy, anti-money laundering policy and whistle-blowing arrangements that are accessible on its website.</p> <p>There is an established internal audit function and an Internal Audit Charter which describes the purpose, authority, and responsibility of internal audit activity. Internal audit set out their testing approach at the beginning of each financial year, detailing the areas they will focus on in an annual audit plan which is agreed by management and the Audit and Governance Committee. The audit plan has been developed having regard to the Council's vision, priorities and values, the Council's risk management framework and areas of Corporate/National significance such as Climate Change.</p> <p>The Head of Internal Audit opinion for 2023/24 was 'satisfactory'</p>
How the body approaches and carries out its annual budget setting process	<p>The Annual Budget process including the responsibilities and procedures in the annual budget process is set out within the Constitution of the Council within Part 3.2 is the Budget &amp; Policy Framework Procedure Rules. The Council's arrangements in setting the annual budget are the following:</p> <p>The Council approves or adopts the policy framework which sets out the council's service delivery plans, including the Strategic Plan and in addition approves or adopts the annual budget, as set out in Part 3.2 of the Constitution. The Cabinet is responsible for making sure that there is effective financial planning within the council. This includes preparing proposals for the budget, which should take account of the views of the public, local stakeholders and the council's Performance and Corporate Services Overview and Scrutiny Committee. This process is set out in detail in Part 3.2 of the Constitution.</p>

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>Within the Constitution of the Council there are processes and procedures in place to ensure the body have</p> <ul style="list-style-type: none"> <li>• effective processes and systems in place to ensure budgetary control, to communicate relevant,</li> <li>• accurate and timely management information; to support its statutory financial reporting requirements and</li> <li>• to ensure the body is taking corrective action where needed,</li> </ul> <p>Part 8 Section 8.2 Financial Procedure Rules states that the Executive Director of Resources and Section 151 Officer is responsible to ensure that financial systems and procedures are in place to provide financial information to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators. In addition, directors are required to maintain budgetary control within their services</p> <p>The Executive Director of Resources and Section 151 Officer reports a Business Management and Monitoring Report to Cabinet. The report includes the actual expenditure against the budget and monitors the expenditure and includes financial and includes areas identified that needs corrective action based on the overspending incurred during the year and how the Council can implement corrective action/savings to reduce the overspending.</p>
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<p>Executive decisions are made by the Executive Body being the Leader and Cabinet, within the overall policy and budgetary framework approved by Full Council. Any decisions the Cabinet wishes to take outside of the framework must be referred to Full Council to decide. Scrutiny committees monitor the work of the Executive Body.</p> <p>The Council has four Scrutiny Committees (Education and Young People Overview &amp; Scrutiny Committee, People Overview &amp; Scrutiny Committee, Performance &amp; Corporate Services Overview &amp; Scrutiny Committee and Place Overview &amp; Scrutiny Committee) to review and/or scrutinise decisions made, or actions taken by the Cabinet and to scrutinise generally the performance of the Council's services. Scrutiny arrangements are to be reviewed in developing the Council's new Constitution and in the light of emerging statutory guidance.</p> <p>The Planning &amp; Regulation Committee relate to strategic planning plus functions relating to food safety and animal welfare.</p>

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee (continued)	<p>The Audit and Governance Committee will also be responsible the overview of the whistle blowing policy, overview of complaints handling and Ombudsman investigations and oversight of the Council's Constitution.</p> <p>The Audit and Governance Committee, provide adequate oversight over the entity’s external financial reporting and related internal control. The Audit and Governance Committee receives reports from both external and internal audit, and the minutes of the Audit and Governance Committee demonstrate that effective action is taken where issues of non-compliance have been identified.</p> <p>From our attendance of the Committee, we have observed that:</p> <ul style="list-style-type: none"><li>▶They provide effective oversight of the entity’s external financial reporting and internal control over financial reporting.</li><li>▶There is an open line of communication with external and internal auditors and the nature and frequency of communication is appropriate given the size and complexity of the entity.</li><li>▶They have sufficient knowledge, experience and time to perform their role effectively and have received training from monitoring officer, finance, Internal Audit and external audit regarding their roles and responsibilities</li><li>▶They are appropriately independent of management given the size and complexity of the entity.</li></ul>

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	<p>Oxfordshire County Council has a code of conduct that is communicated and monitored via the Code of Conduct. The handbook includes policies regarding ethics and behavioural standards for employees and it is well communicated to the stakeholders of the business and is available on the Council's intranet. All staff are provided with a copy of the policy when joining and are required to read and sign up to the code of conduct/employee handbook. Management takes appropriate action in response to departures from approved policies and procedures or the code of conduct. The relevant processes are set out in the code of conduct/employee handbook.</p> <p>A review of internal controls is performed by internal audit and communicated to management on a yearly basis. Additionally, as part of the annual governance statement, a review of the system of internal control is in place and assurance over internal controls is provided by each of the Directors. An assurance checklist is used for this exercise.</p> <p>The monitoring officer is responsible for ensuring that the authority complies with all applicable laws and is involved in providing an opinion on all decisions that are made by the authority and its various committees as to whether there is an issue with non-compliance.</p> <p>The Council maintains a Register of interest for each Councillor on their website.</p> <p>The Officers and Members of the Council needs to submit an annual declaration of interest which is in line with the Gift and Conflict of Interest policy of the Council. There is an annual process by which the authority requests declaration of interests from both Councillors and Senior Officers to identify related party disclosures required as part of the annual accounts.</p>



# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	<p>The Council strategic plan (2023 -2025) sets out the Council’s vision to lead positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county.</p> <p>The Plan is supported by an Outcome Framework for corporate reporting for 2023-24, which includes Key Performance Indicators (KPIs) which are used to monitor the performance of the Council for the key priority areas. Performance in delivering the overall strategy, including progress towards targets, supporting performance measures and budget, is reviewed regularly and communicated through the county council’s business management and monitoring reports. The reports are then reviewed by the council’s Cabinet, senior management team and by the Performance and Corporate Services Overview and Scrutiny Committee.</p> <p>The Performance and Corporate Services Overview and Scrutiny Committee is responsible for the reporting of the performance against the KPI and to ensure effective and efficient mitigated actions is actioned for areas that is not performing against the targets set as per the Strategic Plan. The committee identifies areas that is lacking performance and suggest actions that needs to be adopted to ensure the performance of the KPI. This is also reported on the website of the Council.</p> <p>The nine priorities of the council are as follows:</p> <ol style="list-style-type: none"> <li>1. Put action to address the climate emergency at the heart of our work.</li> <li>2. Tackle inequalities in Oxfordshire.</li> <li>3. Prioritise the health and wellbeing of residents</li> <li>4. Support carers and the social care system</li> <li>5. Invest in an inclusive, integrated and sustainable transport network</li> <li>6. Preserve and improve access to nature and green spaces</li> <li>7. Create opportunities for children and young people to reach their full potential</li> <li>8. Play our part in a vibrant and participatory local democracy</li> <li>9. Work with local businesses and partners for environmental, economic and social benefit</li> </ol>
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>Within this document we have documented various considerations of how the Council evaluates the service and identify areas of improvement. These include the review of the Corporate Risk Register, Budget monitoring reports and External Inspections.</p> <p>The Council continues to monitor and review their Strategic Plan and MTFS to ensure that the plan and KPI’s is aligned to the changing environment. This furthermore enables the Council to identify services that are not performing as per expected targets according to their embedded priorities as per their Strategic Plan. This also enables the Council to ensure that actions is implemented to ensure the continuation of delivering of Services.</p>

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p><b><u>Oxfordshire Local Enterprise Partnership (LEP)</u></b></p> <p>The Council acts as the Accountable Body for the Oxfordshire LEP (OxLEP). The LEP's purpose is to inspire and collaborate to deliver economic opportunities for the communities of Oxfordshire. The LEP brings together representatives from academia, business and the public sector across Oxfordshire.</p> <p><b><u>Inspections</u></b></p> <p>In July 2023 Ofsted and the Care Quality Commission inspected services for children and young people with SEND provided by Oxfordshire's local area partnership. The outcome of the inspection highlighted widespread and/or systemic failings leading to significant concerns about the experiences and outcomes of children and young people with special educational needs and/or disabilities (SEND), which the local area partnership must address urgently. As a result of this inspection, HMCI required the local area partnership to prepare and submit a priority action plan (area SEND) to address the identified areas for priority action. A monitoring inspection will be carried out within approximately 18 months. The next full reinspection will be within approximately 3 years. Based on the findings raised, an action plan has been developed and progress has been monitored. Progress of actions taken can be found on the Councils webpage</p> <p><b><u>Integrated Business Centre</u></b></p> <p>The Council is a formal partner in the Integrated Business Centre (IBC) hosted by Hampshire County Council. The Council joined in 2014/15 as the first operational partner for the provision of shared financial and HR services. The service offered by the IBC are HR Services, Finance Services, Purchase to Pay Services.</p> <p>The Council is formally represented on the performance board of the IBC. Performance is formally reviewed on a quarterly basis, and this includes a range of Performance Measures, overlaid by comprehensive service performance reports, and agreed actions to drive continued collective performance improvement. The IBC also provides an ISAE 3402 Type 2 report in relation to the control environment. This allows OCC to monitor the control environment and follow up on any control weaknesses noted.</p> <p><b><u>National Health Service Section 75 Pooled Budgets</u></b></p> <p>During 2023/24 the Council had two pooled budgets with Oxfordshire Clinical Commissioning Group and one with Oxford Health NHS Foundation Trust. The pooled budgets operate to provide better outcomes for patients within Oxfordshire and ensure that the resources in place are best utilised for maximum impact.</p> <p><b><u>Oxfordshire Partnership</u></b></p> <p>The Oxfordshire Partnership is a joint committee of the six councils of Oxfordshire together with key strategic partners working together to deliver a better future for the county.</p>

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve (continued)	<p>The partnership's purpose is to deliver the bold aims of the Strategic Vision which all six councils have adopted. It will:</p> <ul style="list-style-type: none"><li>▶Coordinate local efforts to manage economic, housing and infrastructure development in a way that is inclusive and maximises local social and environmental benefits;</li><li>▶Support the development of local planning policy that meets the UK Government's stated aim of net zero carbon by 2050, and contributes towards biodiversity gain whilst embracing the changes needed for a low carbon world; and,</li><li>▶Seek to secure funding in the pursuit of these aims and oversee the delivery of related work programmes delegated to it by the joint committee's constituent local authority members.</li></ul> <p>It does this by overseeing the delivery of projects that the councils of Oxfordshire are seeking to deliver collaboratively in the fields of economic development and strategic planning. This cooperation has helped Oxfordshire to secure over £500m of additional investment, such as through the City Deal, Housing and Growth Deal, Housing Infrastructure Fund and the Oxfordshire Rail Connectivity Study. The Future Oxfordshire Partnership also has an important role in representing Oxfordshire on matters of regional interest.</p> <p>The Partnership meets six times each year to discuss issues facing Oxfordshire's future, most often in a non-decision-making capacity. It is supported by four Advisory Sub-Groups (Infrastructure, Environment, and Housing, with a fourth - Planning - in development), a Scrutiny Panel and a small team of officers who are tasked with delivering on elements of the Partnership's work programme.</p>
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	<p>Within the Constitution of the Council in Part 8, Section 3 it sets out the procurement and contracts procedures. This includes the procedures and statutory requirements in terms of the procurement of services.</p> <p>In June 2019, Marston Holdings Ltd, alleged that the procurement of the parking enforcement contract had been undertaken contrary to the procurement regulations (Public Contracts Regulations 2015) which resulted in a significant settlement. After this settlement, a number of Procurement and Contract Management Review and Improvements were put in place. We have confirmed through enquiry with management that these improvements to the procurement process were still in place for 23/24 and therefore we have not identified a risk of material weakness in 23/24.</p> <p>During our review of documentation as well as meeting with IA, we noted that there are weaknesses in the Council's Contract Management and Quality Assurance process, as reported in the 23/24 Internal Audit Progress Report (January 2024). However, these were identified and actioned in year.</p>

# Appendix C – Fees – Oxfordshire County Council

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

Page 272 As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	2023/24	2022/23	2021/22
	£	£	£
Total Fee - Code Work	£291,895	TBC Note 2	£84,668
Scale Fee Variation	£33,860 Note 4	TBC	£124,746 Note 1
Scale Fee Variation 2022/23 - Value for Money	-	18,402 Note 3	
<b>Total fees</b>	<b>TBC</b>	<b>TBC</b>	<b>£212,414</b>

*All fees exclude VAT*

(1) As reported in our 2021/22 Audit Results Report, we submitted a proposal to PSAA for rebasing of the 2021/22 scale fee and for scale fee variations. The total value of the additional fee request submitted to PSAA, including both rebasing and scale variation elements was £165,216. Of this PSAA actually determined an amount of £124,746

(2) As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2022/23 audit.

(3) PSAA has used its fee variation process to determine the final fee for 2022/23 VFM which has been accepted by the Council. The determination of the final fee for 2022/23 work outside of VFM remains outstanding with the PSAA.

(4) The 2023/24 work is now complete and we intend to submit a proposal to PSAA for a scale fee variation totalling £33,860. This final fee includes an adjustment for the following areas:

- Additional procedures to implement the revised ISA 315 (UK) auditing standard as originally set out in our Audit Planning Report, totalling £4,928
- Additional procedures to consider the Council's readiness for the implementation of IFRS 16 as originally set out in our Audit Planning report, totalling £776.
- Additional work performed to ensure the accounts were appropriately amended for errors identified during the audit £2,738

# Appendix C – Fees – Oxfordshire County Council

*All fees exclude VAT*

- Involvement of our EYRE valuation professionals in response to the assessed significant risk to support PPE and IP valuation, totalling £4,472
- In order to obtain increased level of assurance on the following balances we tested two years of transactions for the following balances and/ or transactions £15,816:
  - Pension liability (includes roll forward of the pension liability for 2 years by our specialist)
  - Additions and disposals of PPE
  - Starters and leavers
  - Payroll testing (SAR)
  - Depreciation (SAR)
  - Grants received in advance, including grant receipts and grant expenditure
- Additional procedures performed on the complimentary user access controls (CUECs) and control deficiencies as reported in the ISAE 3402 report £2,806.
- Additional work performed due to delays in receiving supporting evidence for starters and leavers testing and grants received in advance leading to significant follow-up and incorrect creditor and debtors' listings provided totalling £2,324

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ED None

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## **AUDIT & GOVERNANCE COMMITTEE**

### **WORK PROGRAMME – 2025/26**

#### **TRAINING:**

##### **16 July 2024**

1. Annual Governance Statement 2024/2025 (Anita Bradley)
2. Treasury Management- Outturn report 2024/2025 (Tim Chapple)
3. 2024/25 Statement of Accounts (Kathy Wilcox)
4. Internal Audit Charter (Sarah Cox)
5. Counter Fraud Plan and Update (Sarah Cox)
6. Risk Management Update (Louise Tustian)
7. Ombudsman Annual Report (Anita Bradley)
8. Assessment of the council's financial management, controls and governance (Kathy Wilcox)
9. Audit Working Group Update (Sarah Cox)
10. Health and Safety Annual Report (Paul Lundy)
11. Ernst & Young Update (Kalthiemah Abrahams)
12. Audit & Governance Committee Work Programme

#### **TRAINING:**

##### **17 September 2024**

1. Treasury Management Quarter 1 Performance Report 2025/2026 (Tim Chapple)
2. Monitoring Officer Annual Report (Anita Bradley)
3. RIPA Policy (Jody Kerman)
4. Local Government and Social Care Ombudsman's Annual Review Report (Anita Bradley)
5. Progression on Statement of Accounts 2025/2026 Audit (Kathy Wilcox)
6. Annual Governance Statement 2024/25-Update on Actions (Anita Bradley)
7. Internal Audit 2025/26- Progress Report (Sarah Cox)
8. Ernst & Young Update (Kalthiemah Abrahams)
9. Audit & Governance Committee Work Programme

#### **TRAINING:**

##### **26 November 2024**

1. Counter Fraud Update (Sarah Cox)
2. Treasury Management Mid Term Review 2025/26 (Tim Chapple)
3. Oxford Fire & Rescue Service Statement of Assurance 2024-25 (Matt Schanck)
4. Risk Management Update (Louise Tustian)
5. Audit Working Group Update (Sarah Cox)
6. Annual Governance Statement 2024/25-Update on Actions (Anita Bradley)
7. Annual Report on Whistleblowing (Anita Bradley)
8. Ernst & Young Update (Kalthiemah Abrahams)
9. Audit & Governance Committee Work Programme

##### **14 January 2025**

##### **Session with Internal Auditor – 30 minutes**

##### **Session with External Auditor – 30 minutes**

1. Annual Governance Statement- Update on Actions (Anita Bradley)
2. Internal Audit 2025/26 Progress Report (Sarah Cox)
3. Treasury Management Strategy Statement and Annual Investment Strategy for 2026/27 (Tim Chapple)
4. Financial Management Code (Kathy Wilcox)

5. Audit Working Group Update (Sarah Cox)
6. Ernst & Young Update (Kalthiemah Abrahams)
7. Audit & Governance Committee Work Programme

**TRAINING:**

**11 March 2025**

1. Counter Fraud Update (Sarah Cox)
2. Audit and Governance Committee Annual Report to Council (Sarah Cox)
3. Treasury Management Q3 Performance Report 2025/26 (Tim Chapple)
4. Risk Management Update (Louise Tustian)
5. Audit Working Group Update (Sarah Cox)
6. Accounting Policies (Kathy Wilcox)
7. Ernst & Young Update (Kalthiemah Abrahams)
8. Audit & Governance Committee Work Programme