



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

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

Wednesday, 18 March 2020 at 2.00 pm

Rooms 1&2 - County Hall, New Road, Oxford OX1 1ND

A handwritten signature in blue ink, appearing to read 'Yvonne Rees'.

Yvonne Rees
Chief Executive

March 2020

Committee Officers: Lucy Tyrrell, Tel 07741 607824; E-mail:
lucy.tyrrell@oxfordshire.gov.uk

Membership

Chairman – Councillor Nick Carter
Deputy Chairman - Councillor Tony Ilott

Councillors

Paul Buckley
Dr Simon Clarke
Charles Mathew

D. McIlveen
Glynis Phillips
Roz Smith

Vacancy

Co-optee

Dr Geoff Jones

Notes:

- ***There will be a pre-meeting briefing at County Hall (Member's Boardroom) on 13 March 2020 at 9.30 a.m. for the Chairman, Deputy Chairman and Opposition Group Spokesman.***
- ***There will be a private members briefing by the External Auditors on the day of the Committee meeting in the Member's Boardroom at 1.30 p.m.***
- ***Date of next meeting: 29 April 2020.***

Declarations of Interest

The duty to declare.....

Under the Localism Act 2011 it is a criminal offence to

- (a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
- (b) provide false or misleading information on registration, or
- (c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?

The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, **or**

- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?.

The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *“You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself”* or *“You must not place yourself in situations where your honesty and integrity may be questioned.....”*.

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:

Employment (includes *“any employment, office, trade, profession or vocation carried on for profit or gain”*.), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members’ conduct guidelines.

<http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/> or contact Glenn Watson on **07776 997946** or glenn.watson@oxfordshire.gov.uk for a hard copy of the document.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

AGENDA

1. Apologies for Absence and Temporary Appointments

2. Declaration of Interests - see guidance note

3. Minutes (Pages 1 - 4)

To approve the minutes of the meeting held on 15 January 2020 and to receive information arising from them.

4. Petitions and Public Address

5. External Auditors (Pages 5 - 58)

2.10 p.m.

Representatives from the external auditors Ernst & Young will attend to present the following reports:

- Oxfordshire Pension Fund Audit Planning Report
- Oxfordshire County Council Audit Planning Report

6. Scale of Election Fees and Expenditure 2020/21 (Pages 59 - 68)

2.25 p.m.

Report by Director of Law & Governance and Monitoring Officer

Each year the Council needs to set a scale of election fees and expenditure for the holding of elections of county councillors. This Committee has delegated responsibility for approving the “scale of fees”.

In accordance with the Council’s practice, a review has been undertaken in consultation with the City and District Councils of Oxfordshire, who assist in running the County Council’s elections and by-elections. The Districts are generally mindful of the County Council’s scale of fees, when setting their own fees for local elections and also use it in the event of any County Council by-election. Therefore, the Scale of Fees aims to provide a framework, and to steer an even course between the individual requirements of all the districts and the County.

The proposed scale of fees and expenditure for 2020/21 is included as an Annex to this report. The Committee is requested to approve the proposed Scale of Fees to apply from 1 April 2020.

The Committee is RECOMMENDED to approve the Scale of Expenditure for the financial year 2020/21, as shown in Annex A to this report, for the election of County Councillors and any other local referendums.

**7. Progress update on actions - Annual Governance Statement 2019/20
(Pages 69 - 74)**

2.40 p.m.

Report by Director of Law & Governance and Monitoring Officer.

Each year the Council must approve an Annual Governance Statement. This Committee is instrumental in this and will be invited to approve a new Statement in May 2020. The Statement provides a description of the effectiveness of the Council's governance framework and an Opinion as to its sufficiency. It also normally includes a set of governance actions that will form a priority for the year ahead.

In last year's Annual Governance Statement, several governance actions were listed as priorities for 2019/20. The Committee asked for a separate update on the outcomes from these actions before the Committee then goes on to consider the Annual Governance Statement for the forthcoming year. As such, this report includes a brief update on the priority actions identified for the 2019/20 year. The final position on them will be given in the Annual Governance Statement in May this year.

The Committee is RECOMMENDED to consider and note the outcomes so far on the governance actions agreed in last year's Annual Governance Statement.

8. Audit & Governance Committee Annual Report to Council 2019 (Pages 75 - 92)

3.10 p.m.

Report by the Chairman of the Audit & Governance Committee to be presented to The Council.

The Annual Report sets out the role of the Audit & Governance Committee and summarises the work that has been undertaken both as a Committee and through the support of the Audit Working Group in 2019/20.

The Committee is RECOMMENDED to consider the Annual Report and suggest any additions or amendments.

9. Counter-fraud Update (Pages 93 - 100)

3.25 p.m.

Report by the Director of Finance

This report presents an Update on the Counter Fraud Strategy and Plan for 2019/20.

The committee is RECOMMENDED to note the progress with delivery of Counter Fraud Strategy and Plan for 2019/20.

10. The Future of the Joint Audit & Governance and Performance Scrutiny (Transformation) Sub-Committee (Pages 101 - 110)

3.45 p.m.

Report from the Corporate Director for Customer and Organisational Development.

Also attached are the draft minutes from the Joint Audit & Governance and Performance Scrutiny (Transformation) Sub-Committee of 30 January 2020 for information.

The Committee is RECOMMENDED to

- a) agree, in conjunction with the Performance Scrutiny Committee, that the work of the Transformation Sub-Committee is complete in having overseen the start-up phase of the council's Transformation Programme and that future oversight now reverts back to its two parent committees; and*
- b) consider on an ongoing basis which specific change activities it wishes to include on its forward plan.*

11. Work Programme (Pages 111 - 112)

3.55 p.m.

To review the Committee's Work Programme.

Close of meeting

An explanation of abbreviations and acronyms is available on request from the Chief Internal Auditor.

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AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 15 January 2020 commencing at 2.30 pm and finishing at 4.05 pm

Present:

Voting Members: Councillor Nick Carter – in the Chair

Councillor Tony Ilott (Deputy Chairman)
Councillor Paul Buckley
Councillor Dr Simon Clarke
Councillor Charles Mathew
Councillor D. McIlveen
Councillor Glynis Phillips
Councillor Roz Smith

Non-voting Members: Dr Geoff Jones

By Invitation: Adrian Balmer, Ernst & Young

Officers:

Whole of meeting Lorna Baxter, Director for Finance; Sarah Cox, Chief Internal Auditor; Colm Ó Caomhánaigh, Committee Officer

Part of meeting

Agenda Item

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Officer Attending

Tim Chapple, Treasury Manager

Tessa Clayton, Audit Manager; Katherine Kitashima, Audit Manager; Paul Fermer, Assistant Director Community Operations

The Committee considered the matters, reports and recommendations contained or referred to in the agenda and addenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.

1/20 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

There were no apologies for absence. The Chairman noted that there was still a vacancy but expressed confidence that it would be filled by the next meeting.

2/20 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest.

3/20 MINUTES

(Agenda No. 3)

The minutes of the meeting held on 13 November 2019 were approved and signed.

On item 81/19, Councillor Roz Smith stated that she appreciated the way in which the discussion and vote had been comprehensively recorded in the minutes.

4/20 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2020/21

(Agenda No. 5)

Tim Chapple summarised the report. He noted that the very recent data showing inflation to be lower than expected had increased the prospect of an interest rate cut.

Officers responded to questions from members of the Committee as follows:

- The repayment of Council borrowing on behalf of OxLEP through retained business rates of the enterprise zone (Paragraph 37) will not be impacted by any government review of business rates.
- The borrowing on behalf of OxLEP is one-off. Grant funding is used first and then borrowing will come in. Any risk is related to the timing of the receipt of business rates. It depends on the sustainability of businesses in the enterprise zone. This is covered by a Memorandum of Understanding with the Vale of White Horse District Council. A copy of this will be circulated to members of the Committee.
- The borrowing could be a mixture of internal and external depending on what is most prudent at the time.
- Any changes made under the provisions of Paragraph 16 will be reported to Cabinet.
- With regard to investments that may make a positive contribution to the Council's carbon commitment (Paragraph 10), this is a young market and there is currently very little available. Advice from Arlingclose and CIPFA will be taken into account.

Councillor Charles Mathew stated that he was not satisfied with the level of democratic accountability at OxLEP. Lorna Baxter responded that there was a representative of each Oxfordshire council as a director on OxLEP.

RESOLVED: to endorse the Treasury Management Strategy for 2020/21 as outlined in the report.

5/20 EXTERNAL AUDITORS

(Agenda No. 6)

The Chairman noted that he asked Ernst & Young for a written report after the pre-meeting briefing on Friday as he was not happy with verbal reports.

Sarah Cox added that she had just met with Ernst & Young representatives in order to clarify when written reports are needed in the Work Programme.

Adrian Balmer reported that they were now in the planning phase and that the Audit Plan will be brought to the March meeting. The January meeting was a little too early for this.

He responded to issues raised by members of the Committee as follows:

- The Audit Results Report will be presented to the Committee meeting on 22 July. It is expected that they will meet the deadline of 31 July as they did last year.
- The threshold for “significant” contracts will be stated in the plan. A sample of contracts will be reviewed and they will examine any non-standard terms. This work will link to the work of internal audit.
- In cases where the volume of business may have a wider impact than the monetary value, this can be taken into account in the risk assessment.
- The objection on the 2016/17 accounts has been cleared. With the 2017/18 objection, they responded to the PSAA before Christmas and await their consideration.

Councillor Glynis Phillips asked that the external auditors take a look at any contracts with the NHS as she would be interested in their views.

6/20 INTERNAL AUDIT PLAN - PROGRESS REPORT

(Agenda No. 7)

Sarah Cox introduced the report. The performance achieved as shown on Agenda Page 30 is not where she wants it to be but the recruitment problems have eased and the percentage has increased since the report was drafted.

Officers responded to points raised by members of the Committee as follows:

- Audits are only deferred for the right reason. So for example, “Contract Procurement – Decision Making” has been deferred because the provision cycle is being reviewed so there is no value in conducting an audit now.
- Similarly, the Growth Board is under review so the audit for “Oxfordshire Housing and Growth Deal – Accountable Body” has been deferred.
- With the Oxford City Council Agency Agreement, the problems are not all about resources but include wider corporate issues not only related to this agreement.
- Technology for ICT Disaster Recovery Planning will only be in place by March 2020 and this audit will be prioritised in the next financial year.
- The schools being ‘defederated’ (Agenda Page 36, Q1 Advice to schools) are council-maintained schools.
- The threshold of 616 potholes to be completed (Agenda Page 43, second last paragraph) is not a cap – it is a budgetary calculation. There is a risk that additional funds may be requested or delivery will be reduced for the remainder of the year. High risk potholes are being prioritised. KPIs will be more robust and performance meetings will be more rigorous.
- There will be greater engagement in locality meetings. Although the Oxford locality meeting has been cancelled, a dedicated briefing on highways will be set up.

- The Value for Money review is with the Assistant Director Community Operations at the moment.
- With regard to the red rating for Data Processing under “Call Confirm Live IT Application Audit”, an action plan and timescales have been agreed. It will be flagged with the Audit Working Group if there are any problems. In Quarter 4 client charging and payments will be revisited.

RESOLVED: to note the progress with the 19/20 Internal Audit Plan and the outcome of the completed audits.

7/20 AUDIT WORKING GROUP REPORT

(Agenda No. 8)

The Chairman reminded Members that, while certain Members are on the Audit Working Group, they are all welcome to attend meetings.

RESOLVED: to note the report.

8/20 WORK PROGRAMME

(Agenda No. 9)

The Chairman reminded members of the Committee that the Committee’s Annual Report will be drafted soon. It is intended to circulate a draft well in advance of the March meeting where it will be discussed. He suggested going back through agendas to identify the highlights.

Councillor Glynis Phillips suggested that it might be better to focus on one issue in detail rather than listing everything.

Geoff Jones suggested an emphasis on achievement – citing the Skanska and Treasury Management discussions as those that had the greatest benefit to the Council.

The following changes were agreed:

18 March 2020 - Ernst & Young Audit Plan

16 September 2020 – add Financial Management Code

The Chairman noted that this was the last meeting with Colm Ó Caomhánaigh as Secretary as he is switching to cover another Committee. Members asked that their appreciation for his work with the Committee over the last three years be recorded. Lucy Tyrrell will be Secretary to the Committee going forward.

..... in the Chair

Date of signing

Oxfordshire Pension Fund Audit planning report

Year ended 31 March 2020

26 February 2020

26 February 2020



Oxfordshire Pension Fund
County Hall
New Road
Oxford
OX1 1ND

Dear Audit and Governance Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor of Oxfordshire Pension Fund. Its purpose is to provide the Audit and Governance Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Pension Fund, and outlines our planned audit strategy in response to those risks.

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 18 March 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

A handwritten signature in blue ink that reads "Kevin Suter".

Kevin Suter

Associate Partner

For and on behalf of Ernst & Young LLP

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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.psa.co.uk/audit-quality/statement-of-responsibilities/>). 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 April 2018)" 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 Pension Fund in accordance with the statement of responsibilities. 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 and Governance Committee and management of Oxfordshire Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

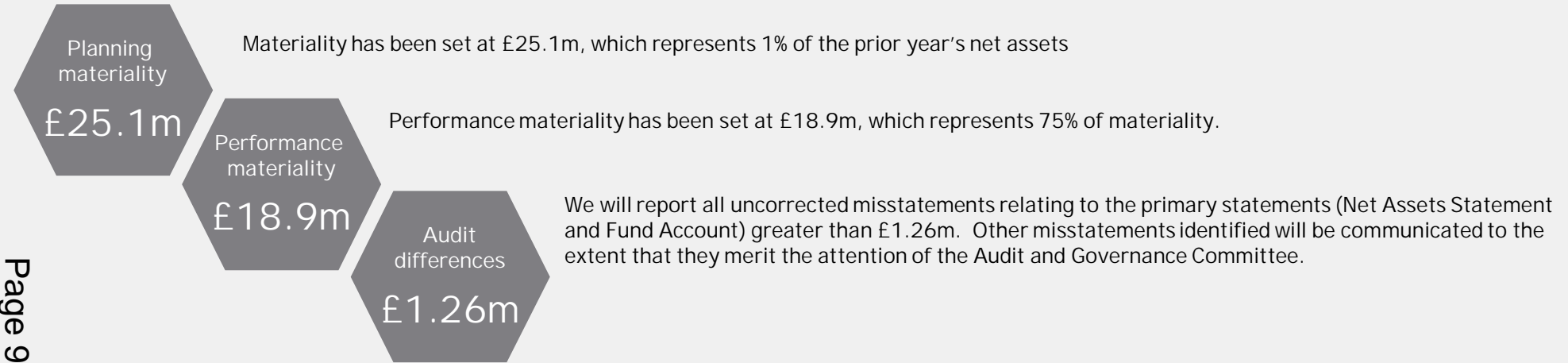
01 - Overview of our 2019/20 audit strategy

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.

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 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 would otherwise appear to be operating effectively.
Risk of inappropriate posting of investment valuation and income	Fraud risk	More focused risk this year	Investment valuations and investment income are manually input on the GL. Our judgement is that the Fraud risk present at the Pension Fund relates to inappropriate journal posting of investments as reported by the custodian which will affect the long-term investment portfolio value and investment income.
Valuation of Complex Investments	Significant risk	No change in risk or focus	Investments at Level 3 are those where at least one input that could have a significant effect on the asset's valuation is not based on observable market data. Significant judgements are made by the Investment Managers or administrators to value these investments whose prices are not publicly available. The material nature of 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 information and the fund year end. Such variations could have a material impact on the financial statements.
Valuation of Investments under Level 2 Fair Value hierarchy	Inherent risk	No change in risk or focus	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. There is a risk that the comparable inputs are not appropriate and valuation could be misstated.
Transfer of Assets to the Brunel Partnership	Inherent risk	More focused risk this year	Brunel Pension Partnership was set up by Oxfordshire Pension Fund with nine other pension funds to oversee investment of pension fund assets and achieve savings over the longer term. In 2019/20 £342m of funds were transferred. We looked at the Fund's processes in 2018/19 and raised no concerns. However there is a risk that the transfer of assets is not complete so we will focus on completeness.

01 - Overview of our 2019/20 audit strategy

Materiality



Audit team changes

Key changes to our team.



Kevin Suter, Associate Partner

- Kevin takes over from Paul King as the Engagement Lead.
- Kevin has significant public sector audit experience over 20 years, with a portfolio of Local Authorities, Police and Crime Commissioner & Constabularies, Local Government Pension Fund and National Park Authority audits.

Overview of our 2019/20 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Oxfordshire Pension Fund give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account 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 of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Pension Fund. We will provide an update to the Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in July 2020.

In addition to the above we also perform procedures on behalf of the auditors of admitted bodies in relation to the IAS 19 reports. Our work specifically focuses on gaining assurance that the data submitted to the actuary agrees to the Pension Fund's systems. This tried and tested approach – we have been performing these procedures since 2012 – minimises disruption to the Pension Fund as only one set of auditors will perform procedures on the data. In 2019/20 we anticipate an increased request from auditors of the admitted bodies on the information provided to the actuary for the 2019 triennial valuation, particularly regarding the detailed membership information.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on “the auditors assessment of risk and the work needed to meet their professional responsibilities”. PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the auditing of complex investment assets, the valuation of pension obligations, and the introduction of new accounting standards such as IFRS 9 in recent years. Therefore to the extent any of these are relevant in the context of Oxfordshire Pension Fund audit, we will discuss these with management as to the impact on the scale fee.



02 - Audit risks

Our response to significant risks

We have set out the significant risks 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.

Misstatements due to fraud or error

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?

We will undertake our standard procedures to address fraud risk, which include:

- asking management about risks of fraud and the controls to address those risks;
- understanding the oversight given by those charged with governance of management's processes over fraud; and
- considering the effectiveness of management's controls designed to address the risk of fraud.

Performing mandatory procedures regardless of specifically identified fraud risks, including:

- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- assessing accounting estimates for evidence of management bias; and
- evaluating the business rationale for significant unusual transactions.

We will use our data analytics capabilities to assist with our work.



02 - Audit risks

Our response to significant risks (continued)

We have set out the significant risks 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 valuation

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Financial statement impact

Manipulation of investment would increase the net value of pension fund assets, and increase the investment returns recognised in year.

Total Investments for 2018/19: £2,423m.

Total investment income and change in market value of Fund assets in 2018/19 were £165m.

As our performance materiality is £18.9m, any manipulation over 0.8% and 11.5% would result in a material error to the value of investments.

What is the risk?

Investment valuations are manually input on the GL, so there is opportunity to manipulate the valuation of investments and the resulting investment income.

What will we do?

Our approach will focus on:

- ▶ Reconciling the investment value to both the fund manager and custodian reports.
- ▶ Review the investment accounts in the general ledger and investigate any unusual items
- ▶ Journal testing - we will use our testing of journals to identify high risk transactions, such as items posted to investment or related accounts outside the normal process.

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.



02 - Audit risks

Our response to significant risks (continued)

Valuation of Complex Investments
(Level 3 Fair Value hierarchy)

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Financial statement impact

Misstatements that occur in relation to Complex Investments valued at level 3 fair value hierarchy such as Unquoted Equities and Direct property Investment could affect the valuation of the Net Assets Statement and investment income in the Fund Accounts.

These were £130m of level 3 investments in the 2018/19 financial statements. Sensitivity analysis ranged from +/- 3% to +/- 10%, a range of £19.8m.

What is the risk?

Investments at Level 3 are those where at least one input that could have a significant effect on the asset's valuation is not based on observable market data.

Significant judgements are made by the Investment managers or administrators to value these investments whose prices are not publicly available. The material nature of 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 information and the fund year end. Such variations could have a material impact on the financial statements.

What will we do?

Our approach will focus on:

- reviewing the latest available audited accounts for the relevant funds and ensuring there are no matters arising that highlight weaknesses in the fund's valuation;
- where the latest audited accounts are not as at 31 March 2020, performing analytical procedures and checking the valuation output for reasonableness against our own expectations; and
- testing accounting entries have been correctly processed in the financial statements.

If necessary, our internal valuation specialists will support our work in this area.



02 - Audit risks

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?

Transfer of Asset to the Brunel Partnership

Brunel Pension Partnership was set up by Oxfordshire Pension Fund and nine other pensions funds to oversee investment of pension fund assets and achieve savings over the longer term.

2018/19 was the first financial year where assets were transferred in exchange for units in the pooled fund. In 2019/20 a further £342m was transferred.

There is a risk that the transfer of assets is not complete.

Valuation of Investments under Level 2 Fair Value hierarchy

Level 2 includes pooled funds and private equity investments, where fair value is based on observable inputs such as bid price in the market for similar instruments.

There is a risk that the comparable inputs are not appropriate and valuation could be misstated.

What will we do?

Our approach will focus on:

- Reviewing reconciliations and post-transition reports from third parties to obtain assurance over the completeness of the transfer.

Our approach will focus on:

- Performing analytical procedures and checking the valuation input and output for reasonableness against our own expectations.
- Where necessary, our internal valuation specialists will support our work in this area.

Materiality

Materiality

For planning purposes, materiality for 2019/20 has been set at £25.1m. This represents 1% of the Pension Fund's prior year net assets. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.

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We request that the Audit and Governance 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 £18.9m, which represents 75% of planning materiality. 75% of Planning materiality was deemed appropriate as there were no corrected or uncorrected audit adjustments in the prior year, and was based on our cumulative audit knowledge and experience with the Pension Fund.

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 relating to Net Assets Statement and the Fund Account.

Other uncorrected misstatements, such as reclassifications and misstatements in statements or 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.



04 - Scope of our audit

Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Pension Fund's financial statements to the extent required by the relevant legislation and the requirements of the Code.

1. Financial statement audit

Our objectives are:

- To form an opinion on the financial statements under International Standards on Auditing (UK).
- To form an 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.

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

2. Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.



04 - Scope of our audit

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2019/20 we plan to follow a substantive approach to the audit as we have concluded that 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 our computer-based analytics tools 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.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Governance Committee.

Internal audit:

We will meet the Chief Internal Auditor regularly, and 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.

IAS19 procedures:

In addition to the above we also perform procedures on behalf of the auditors of admitted bodies in relation to the IAS 19 reports. Our work specifically focuses on gaining assurance that the data submitted to the actuary agrees to the Pension Fund's systems. This tried and tested approach – we have been performing these procedures since 2012 – minimises disruption to the Pension Fund as only one set of auditors will perform procedures on the data. In 2019/20 we anticipate an increased request from auditors of the admitted bodies on the information provided to the actuary for the 2019 triennial valuation, particularly regarding the detailed membership information.

Audit team

Audit team structure:

Kevin Suter
Associate Partner

Susan Gill
Audit Manager

Anna Liao
Audit Senior

The engagement team is led by Kevin Suter, who has significant experience on Local Authorities and their audits. Kevin is supported by Susan Gill who is responsible for the day-to-day direction of audit work and is the key point of contact for the finance team.

Use of specialists

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

Area	Specialists
Actuarial present value of retirement benefits	EY Specialist - EY Actuaries PwC (Consulting Actuary to the PSAA)

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 Pension 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; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



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 audit cycle in 2019/20. The final timetable will depend on our ability to obtain sufficient, appropriate audit evidence to support our audit opinion.

From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

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Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	November - January		
Walkthrough of key systems and processes	November - January		
Interim substantive procedures	March-April	Audit and Governance Committee	Audit Planning Report
Year end audit Audit Completion procedures	May - July	Audit and Governance Committee	Audit Results Report Audit opinions and completion certificates
Year end audit Audit Completion procedures	September	Audit and Governance Committee	Annual Audit Letter (as part of Oxfordshire County Council AAL)

Introduction

The FRC Ethical Standard 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 June 2016, 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
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>The overall assessment of threats and safeguards;</p> <p>Information about the general policies and process within EY to maintain objectivity and independence.</p> <p>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation]</p>	<p>▶ 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;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ 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;</p> <p>▶ Written confirmation that all covered persons are independent;</p> <p>▶ 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;</p> <p>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

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 also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

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 Kevin Suter, 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 Pension 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 permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately nil. 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.

Relationships, services and related threats and safeguards

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Pension Fund. 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 2019

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 ended 1 July 2019 and can be found here:

https://www.ey.com/en_uk/who-we-are/transparency-report-2019

08 - Appendix A

Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2019/20 accounts of opted-in principal local government and police bodies. 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.

	Planned fee 2019/20	Scale fee 2019/20	Final Fee 2018/19
	£	£	£
Total Fee - Code work	18,563	18,563	18,563
Fee for IAS 19 work*	7,000	N/A	5,500
Total audit	25,563	18,563	24,063

All fees exclude VAT

Notes

For 19/20 the scale fee may be affected by a range of factors (see page 7). We will update the committee on these as the audit progresses.

*The Authority has agreed the IAS19 fee for 2018/19 (which is where information is provided to the auditors of admitted bodies who request it as part of the process for their audit). This amount is not included in the scale fee set by PSAA as it is not part of Code work for the audit of the Pension Fund.

The core of work required will be the same in 2019/20, but additional input is likely to be requested to assess the quality of information provided to the actuary in their triennial valuation, particularly the detailed membership information. We have made an assessment of the likely additional costs, which will depend on the requests received.

The agreed fee presented is based on the following assumptions:


- ▶ officers meet the agreed timetable of deliverables;
- ▶ the production of materially accurate draft accounts;
- ▶ our accounts opinion is unqualified;
- ▶ appropriate quality of documentation is provided by the Pension Fund; and
- ▶ the Pension Fund has an effective control environment.




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 Pension Fund in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Required communications with the Audit and Governance 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 and Governance 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 the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report

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Required communications with the Audit and Governance Committee (continued)



Our Reporting to you

Required communications	 What is reported?	 When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit results report
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management 	Audit results report
Fraud	<ul style="list-style-type: none"> • Asking the Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud 	Audit results report
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report

Required communications with the Audit and Governance Committee (continued)

Required communications	 What is reported?	  When and where
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Planning Report and Audit Results Report
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report
Consideration of laws and regulations	<ul style="list-style-type: none"> • Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off • Enquiry of the Audit and Governance 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 and Governance Committee may be aware of 	Audit results report
Internal controls	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit 	Management letter/Audit results report
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report
Auditors report	<ul style="list-style-type: none"> • Any circumstances identified that affect the form and content of our auditor's report 	Audit results report
Fee Reporting	<ul style="list-style-type: none"> • Breakdown of fee information when the audit plan is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work 	Audit Planning Report and Audit Results Report



Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Pension Fund to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit and Governance Committee reporting appropriately addresses matters communicated by us to the Audit and Governance Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

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Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.



**Oxfordshire County
Council
Audit planning report**

Year ended 31 March 2020

05 March 2020



Oxfordshire County Council
County Hall
New Road
Oxford
OX1 1ND

05 March 2020

Dear Audit and Governance Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit and Governance Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

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 18th March 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Janet Dawson

Partner

For and on behalf of Ernst & Young LLP

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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.psa.co.uk/audit-quality/statement-of-responsibilities/>). 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 April 2018)" 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 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 the Audit 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 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 - Overview of our 2019/20 audit strategy

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.

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 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 would otherwise appear to be operating effectively.
Risk of fraud in revenue and expenditure recognition- inappropriate capitalisation revenue expenditure	Fraud risk	New 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.
Accounting for the Dedicated Schools Grant (DSG)	Significant Risk	New Risk	As at 31 March 2019 the Council reported a negative DSG balance of £5m. In year forecasts highlight further pressures on the DSG with the latest forecast estimating a year end outturn of £13-14m. Under the CIPFA Code negative reserves are not permitted. In 2018/19 the negative DSG balance was offset by other School balances resulting in a net year end balance on the Schools Reserve. There is risk that the Council will be unable to do the same for 2019/20.
Pension Liability Valuation	Inherent risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme which it administers. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates

01 - Overview of our 2019/20 audit strategy

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.

Risk / area of focus	Risk identified	Change from PY	Details
Valuation of Land and Buildings	Inherent risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE), including land and buildings, represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.
Implementation of IFRS 16 - Leases from 1 April 2020	Inherent risk	New Risk	Oxfordshire County Council will need to make disclosures in its 2019/20 accounts on its adoption of the requirements of IFRS 16 (Leases) for financial year commencing 1 April 2020. The new standard will eliminate the distinction between operating and finance leases and it is expected that significant work will be required by officers to identify all of the leases that it has in place at 1 April 2020 including prior year comparatives. A readiness assessment is encouraged to prepare for the upcoming implementation.
Carillion - quantification of amounts owed to /from Carillion	Inherent risk	No change in risk or focus	We have identified that there is a risk in relation to the quantification of amounts owed to and from Carillion in relation to known and latent defects.

01 - Overview of our 2019/20 audit strategy

Materiality

Planning
materiality

£19.2m

Materiality has been set at £19.176 million, which represents 1.8% (PY 1.8%) of the prior year gross revenue expenditure. This comprises of gross expenditure on the provision of services, levies expenditure and interest payable.

Performance
materiality

£14.4m

Performance materiality has been set at £14.382 million, which represents 75% (PY 75%) of materiality.

Audit
differences

£0.958m

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement) greater than £0.958 million. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit & Governance Committee. This value represents 5% (PY 5%) of the planning materiality figure detailed above.

01 - Overview of our 2019/20 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Oxfordshire County Council give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will 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 mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account 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 of the above.

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

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

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Oxfordshire County Council's audit, we will discuss these with management as to the impact on the scale fee.

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.

* Misstatements due to fraud or error

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.

We have not identified a heightened risk of management override overall but we have identified a specific area where management override might occur which is the quantification of amounts owed to and from Carillion. Our specific response to this risk is set out in the next slide.

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.
- ▶ 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 of journal entries and other adjustments in the preparation of the financial statements.

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.

Risk of fraud in revenue and expenditure recognition, through 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, as there is an incentive to reduce expenditure which is funded from Council Tax. This would specifically impact on relevant Balance Sheet and Income Expenditure assertions with a specific focus on the Valuation and Occurrence and Measurement assertions respectively.

What will we do?

We will:

- ▶ Test PPE additions to ensure that the expenditure incurred and capitalised is clearly capital in nature;
- ▶ Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources; and
- ▶ 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.

Page 37 Financial statement impact

We have assessed that the risk of fraud in revenue and expenditure recognition is most likely to occur through the inappropriate capitalisation of revenue expenditure. This would have the impact of reducing revenue expenditure and increasing additions of Property, Plant and Equipment.

Our response to significant risks (continued)

<p>Dedicated Schools Grant (DSG) Reserve</p>	<p>What is the risk?</p>	<p>What will we do?</p>
	<p>The Council is forecasting a year end deficit on DSG of £13-14m. The CIPFA Code does not permit the use of negative reserves.</p> <p>At the date of this report there is uncertainty as to whether the Department for Education will provide funding to councils impacted by this issue. The Department, the NAO and CIPFA are discussing options for the accounting treatment of the deficit for local authorities and we are expecting further guidance to be issued during 2020.</p> <p>There is a risk that the Council's accounting treatment of the DSG balance will not be in line with the Code. This would specifically impact on the relevant Balance Sheet and Income and Expenditure assertions specifically Completeness, Existence/Occurrence and Measurement/Valuation.</p>	<ul style="list-style-type: none"> ▶ Continue to monitor the in year position of the DSG as well as the likely year end outturn position; ▶ Review the plan submitted to reduce the impact of the negative DSG position over the medium term; ▶ Discuss the position with senior officers to understand any possible mitigation or the latest guidance regarding the disclosure of, and accounting for, negative reserves in the 2019/20; ▶ Consider any guidance from CIPFA which may be relevant in auditing the year end accounts.

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?

What will we do?

Valuation of Land and Buildings

The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

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;
- ▶ Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements,

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Oxfordshire County 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 2019 this totalled £1,113 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council. 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.

We will:

- ▶ Liaise with the auditors of Oxfordshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Oxfordshire County Council;
- ▶ Assess the work of the Pension Fund actuary (Hyman Robertson) 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; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
- ▶ Consider any further potential impact in 2019/20 of the McCloud/Guaranteed Minimum Pensions Equalisation issue adjustments which were made in 2018/19 and which impacted all local authority accounts.

02 - Audit risks

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?

What will we do?

Carillion - quantification of amounts owed to /from Carillion

The County Council had a 10 year contract with Carillion running from 2012 to 2022. A significant portion of this was terminated with the mutual consent of both parties in December 2017 before Carillion's collapse in January 2018. The County Council have planned their response to this in four stages:

Stage 1 - transition of services back to the Council from Carillion

Stage 2 - stabilisation

Stage 3 - assessment of Carillion legacy issues

Stage 4 - implementation of work programme for rectification of defects

The Council are currently at stage 3.

There is ongoing discussion with Carillion's liquidators - PWC - relating to monies PWC claim are owed by the Council. The Council are simultaneously quantifying the costs of rectifying known defects and estimating the potential for latent defects. Given the level of estimation involved we have identified that there is a risk that the amounts owed by the Council may be understated and that the amount due to the Council may be overstated.

We will:

- Review the methodology for identifying and quantifying both the known and latent defects;
- Assess the basis of the assessment of the amounts owed to Carillion; and
- Ensure the subsequent accounting treatment is appropriate

Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

IFRS16 - leases

IFRS 16 Leases was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as “pay as you go” arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21. This Code has yet to be published, but in July 2019 CIPFA/LASAAC issued ‘IFRS 16 leases and early guide for practitioners’.

This early guidance provides comprehensive coverage of the requirements of the forthcoming provisions, including:

- ▶ the identification of leases
- ▶ the recognition of right-of-use assets and liabilities and their subsequent measurement
- ▶ treatment of gains and losses
- ▶ derecognition and presentation and disclosure in the financial statements,
- ▶ the management of leases within the Prudential Framework.

The guidance also covers the transitional arrangements for moving to these new requirements, such as:

- ▶ the recognition of right-of-use assets and liabilities for leases previously accounted for as operating leases by lessees
- ▶ the mechanics of making the transition in the 2020/21 financial statements (including the application of transitional provisions and the preparation of relevant disclosure notes).

What will we do?

IFRS 16 - leases introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases.

The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet.

Although the new standard will not be included in the CIPFA Code of Practice until 2020/21, work will be necessary to secure information required to enable authorities to fully assess their leasing position and ensure compliance with the standard from 1 April 2020.

In particular, full compliance with the revised standard for 2020/21 is likely to require a detailed review of existing lease and other contract documentation prior to 1 April 2020 in order to identify:

- ▶ all leases which need to be accounted for
- ▶ the costs and lease term which apply to the lease
- ▶ the value of the asset and liability to be recognised as at 1 April 2020 where a lease has previously been accounted for as an operating lease.

We will discuss progress made in preparing for the implementation of IFRS 16 - leases with the finance team over the course of our 2019/20 audit.

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?

Going Concern Compliance with ISA 570

This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Audit & Governance Committee.

The CIPFA Guidance Notes for Practitioners 2019/20 accounts states 'The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.'

'If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.'

What will we do?

The revised standard requires:

- ▶ auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- ▶ greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Authority obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- ▶ improved transparency with a new reporting requirement for public interest entities, listed and large private companies to provide a clear, positive conclusion on whether management's assessment is appropriate, and to set out the work we have done in this respect. While the Council are not one of the three entity types listed, we will ensure compliance with any updated reporting requirements;
- ▶ a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

The revised standard extends requirements to report to regulators where we have concerns about going concern.

We will discuss the detailed implications of the new standard with finance staff during 2019/20 ahead of its application for 2020/21.



03 - Value for Money

Background

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. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

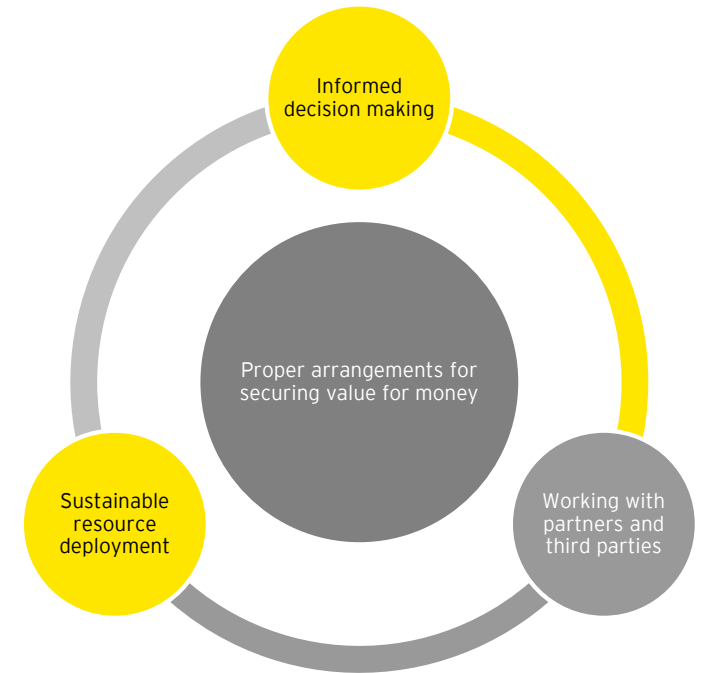
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. At this initial planning stage this has resulted in the identification of no significant risks. We will continue to review this throughout the audit and will provide updates should our risk assessment change.

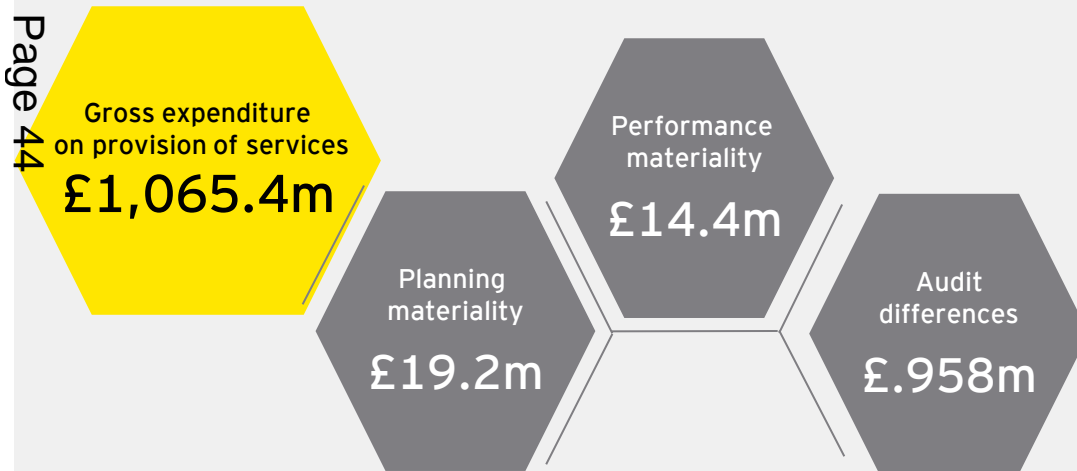


Materiality

Materiality

For planning purposes, materiality for 2019/20 has been set at £19.2m. This represents 1.8% of the Council's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. Although the Council is a Major Local Audit (MLA), we have considered the overall risk profile and public interest in comparison to other councils, and do not consider there to be any heightened risks that would mean we need to adopt a lower level of materiality.

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We request that the Audit and Governance 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 £14.4m which represents 75% of planning materiality.

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 relating to the comprehensive income and expenditure statement, 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 and movement in reserves statement or 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.

Specific materiality - We have set a materiality of £1k for Officers remuneration including exit packages and the audit fee. We will also consider related party transactions, which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this area of the accounts.

We also apply a separate materiality for the **Fire Fighters Pension Fund Account**. This materiality is based upon the benefits payable amount with Planning materiality being 2% of Benefits Payable at £134.6k. Performance materiality is 75% of planning materiality at £100.9k and the audit difference threshold is £6.7k.

Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

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.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

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 payable
- ▶ Accounts receivable
- ▶ Cash and bank

For 2019/20 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 our computer-based analytics tools 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.

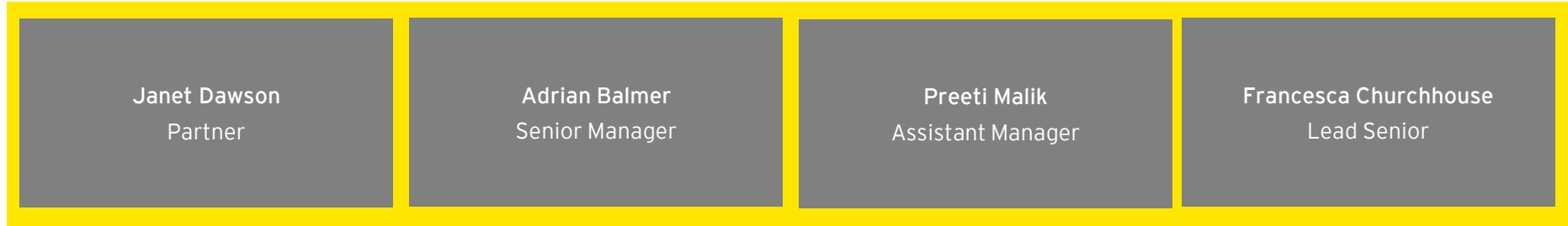
We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Governance Committee.

Internal audit:

We will regularly meet with the Chief Internal Auditor, and 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 structure:



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 rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Pensions disclosure	EY Actuaries, PWC (Consulting actuary to NAO); Hymans Robertson

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 Council'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; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07 - Audit timeline

Indicative 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 audit cycle in 2019/20.

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. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	January 2020		
Walkthrough of key systems and processes	January - March 2020		
	March 2020	Audit and Governance Committee	Audit Planning Report
Testing of routine processes and controls Interim audit testing	March 2020		
Interim audit testing	March 2020	Audit and Governance Committee	
	April 2020	Audit and Governance Committee	Progress report
Year end audit	June 2020		
Audit Completion procedures	July 2020	Audit and Governance Committee	Audit Results Report Audit opinions and completion certificates
	August - October	Audit and Governance Committee	Annual Audit Letter

Introduction

The FRC Ethical Standard 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 June 2016, 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
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>The overall assessment of threats and safeguards;</p> <p>Information about the general policies and process within EY to maintain objectivity and independence.</p> <p>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard</p>	<p>▶ 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;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ 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;</p> <p>▶ Written confirmation that all covered persons are independent;</p> <p>▶ 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;</p> <p>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

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 also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

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.

08 - Independence

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 Janet Dawson, 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. We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 1 and the services have been approved in accordance with your policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, the only non-audit work we undertake for the Council is the work on Teachers Pension return for a fee of £12,500. The fee amount and work required to be performed do not require any additional safeguards to be in place.

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

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.
There are no other threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management 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.

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.

Other communications

EY Transparency Report 2019

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 2019:

[https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/\\$FILE/ey-uk-2019-transparency-report.pdf](https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/$FILE/ey-uk-2019-transparency-report.pdf)

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant in vestees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

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Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

Appendix A

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.

	Planned fee 2019/20	Scale fee 2019/20	Final Fee 2018/19
	£	£	£
Total Fee - Code work	Note ***	84,668**	97,168*
Other - Objection 16/17	-	-	27,225
Other - Objection 17/18	-	-	19,998
Total audit	TBC	84,668**	144,391
Other non-audit services not covered above (Teachers' Pensions Certification)	-	-	12,500
Total other non-audit services	0	-	12,500
Total fees	0		156,891

All fees exclude VAT

(*) The 18/19 Code work includes an additional fee of £12,500, which relates to additional work reviewing McCloud/GMP where we used EY Pensions specialists; IFRS 9 (Financial Instruments) material adjustment which required additional technical support, & extended income and expenditure testing. We have discussed the variation with officers, but are awaiting approval from PSAA

(**) For 19/20 the planned fee represents the base fee, i.e. not including any extended testing.

- (***) The scale fee for 2019/20 is set by PSAA as indicative and does not reflect the actual costs of undertaking the audit, to address all risks identified and to meet current regulatory standards. We set out the key areas of focus of our work on pages 7-15. We anticipate that the range of the fee is between £100,000 to £120,000 to reflect those underlying costs. We will discuss and agree a fee with management and PSAA, and communicate progress to the Audit Committee.

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is 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.

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.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Fees

Summary of key factors

1. **Status of sector:** Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability/going concern of bodies given the current status of the sector.
2. **Audit of estimates:** There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
3. **Regulatory environment:** Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice, are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.

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Resourcing: As a result of the above, public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.

We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality. We acknowledge that local authorities are also facing challenges to recruit and retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis.




To respond to these factors we have to:

- ▶ Increase our sample sizes, seek higher levels of corroborative evidence and engage with our internal specialists on a wider array of matters;
- ▶ Increase our investment in data analytics tools to allow us to test more transactions to a greater level of detail and enhance audit quality; and
- ▶ Invest in our audit quality infrastructure, as a firm our compliance costs have doubled as a proportion of revenue over the past five years.





09 - Appendix B

Required communications with the Audit and Governance 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 and Governance 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 the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report presented to the March 2020 Audit & Governance Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit planning report presented to the March 2020 Audit & Governance Committee
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Planning Report presented to the March 2020 Audit & Governance Committee and Audit Results Report presented to the July 2020 Audit & Governance Committee.

Required communications with the Audit and Governance Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Pages 56	Going concern	Audit results report to be presented at the July 2020 Audit & Governance Committee.
	Misstatements	Audit results report to be presented at the July 2020 Audit & Governance Committee.
	Fraud	Audit results report to be presented at the July 2020 Audit & Governance Committee.
	Related parties	Audit results report to be presented at the July 2020 Audit & Governance Committee.

Required communications with the Audit and Governance Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report to be presented at the July 2020 Audit & Governance Committee.
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit and Governance 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 and Governance Committee may be aware of 	Audit results report to be presented at the July 2020 Audit & Governance Committee.
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit results report to be presented at the July 2020 Audit & Governance Committee.
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report to be presented at the July 2020 Audit & Governance Committee.
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report to be presented at the July 2020 Audit & Governance Committee.
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results report to be presented at the July 2020 Audit & Governance Committee.
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit planning report presented at the March 2020 Audit & Governance Committee; and Audit results report to be presented at the July 2020 Audit & Governance Committee

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit and Governance Committee reporting appropriately addresses matters communicated by us to the Audit and Governance Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Division(s):

AUDIT & GOVERNANCE COMMITTEE – 18 MARCH 2020

Scale of Election Fees and Expenditure 2020/21

Report by Director of Law & Governance and Monitoring Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to approve the Scale of Expenditure for the financial year 2020/21, as shown in Annex A to this report, for the election of County Councillors and any other local referendums.**

Introduction

2. Each year the Council needs to set a scale of election fees and expenditure for the holding of elections of county councillors. This Committee has delegated responsibility for approving the “scale of fees”.
3. In accordance with the Council’s practice, a review has been undertaken in consultation with the City and District Councils of Oxfordshire, who assist in running the County Council’s elections and by-elections. The Districts are generally mindful of the County Council’s scale of fees, when setting their own fees for local elections and also use it in the event of any County Council by-election. Therefore, the Scale of Fees aims to provide a framework and to steer an even course between the individual requirements of all the districts and the County.
4. The proposed scale of fees and expenditure for 2020/21 is included as an Annex to this report. The Committee is requested to approve the proposed Scale of Fees to apply from 1 April 2020.

Purpose of the Scale of Fees

5. The purpose of the scale of fees and expenditure is to set out the amounts that can be charged for organising and running county council elections and by-elections. In practice, this means that these are the amounts that the City and District Councils will claim back from the County Council for running elections on its behalf. The current year’s scale of fees, for example, was used by the County Council in its commissioning of South Oxfordshire District Council to administer the recent county by-election held for the Wallingford Division in November 2019.

Levels for 2020-21

6. As in the last financial year, most of the proposed fees remain unchanged, save for an approximate 2% lift in fees paid to individual election staff. This is in line

with the increased annual local government pay award for staff, rounded to the nearest pound. No significant issues have arisen in the previous year which need addressing by the new Scale of Fees.

The main changes

7. At the suggestion of the Districts and the City Council, the fee payable to Inspectors and Supervisors of polling stations has been increased from £200.00 to £235.00. This brings the fee in line with that paid to Presiding Officers on a combined poll, as Inspectors/supervisors of polling stations carry at least an equivalent level of responsibility for ensuring the integrity of the poll.
8. For Contested elections:
 - The Returning Officer fee for a 1-member division would increase from £93.00 to £95.00 and for a 2-member division from £185.00 to £189.00;
 - The Deputy Returning Officer's fee for a 1-member division from £88.00 to £90.00 and for a 2-member division from £176.00 to £180.00.
 - The Deputy Returning Officer's fee for the count and declaration of poll, for a 1-member division increases from £59.00 to £60.00 and for a 2-member division from £119.00 to £121.00.
 - The Presiding Officer fee rises from £204.00 to £208.00 and in the case of a combined poll to £235.00;
 - The Poll Clerk fee rises from £148.00 to £151.00 and for combined polls to £161.00;
 - The employment of Clerical Persons increases from £110.00 for a 1-member division to £112.00, and in the case of 2-member divisions a rise to £225.00.
9. For Uncontested elections:
 - The Returning Officer fee for a 1-member division increases from £45.00 to £46.00 and for a 2-member division from £89.00 to £91.00;
 - The Deputy Returning Officer's fee for a 1-member division increases from £30.00 to £31.00 and for a 2-member division from £60.00 to £61.00.

NB In practice, it is unlikely that elections will ever be uncontested within the county council divisions.

10. The City and District Councils have confirmed that the proposed Scale of Fees is acceptable to them for the running of elections on the County Council's behalf, is consistent with their recent experience and should therefore provide a robust and cost-effective means of delivering any elections that may occur in the year from April 2020 to end of March 2021.

Financial Implications

11. A separate budget is maintained for electoral expenditure, which is built up over time towards the County Council elections, next due to be held in 2021. This

also incorporates an element towards by-election costs which may also occur in the 2020-21 year.

NICK GRAHAM

Director of Law & Governance and Monitoring Officer

Background papers: Nil

Contact Officer: Andrea Newman,
Senior Democracy Officer

Telephone: 01865 810283

March 2020

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OXFORDSHIRE COUNTY COUNCIL

REPRESENTATION OF THE PEOPLE ACT 1983 (SECTION 36(4))

SCALE OF EXPENDITURE FOR ELECTIONS OF COUNTY COUNCILLORS

(Applicable to elections held during period 1 April 2020 to 31 March 2021)

Only the fees and disbursements specified below shall be chargeable. The fees payable to the Returning Officer or his duly appointed Deputy Returning Officer shall include all payments which he makes from his fees to other persons by way of remuneration of services undertaken on his behalf.

In no case shall a charge exceed the sum actually and necessarily paid or payable by the Returning Officer. Subject to this the maximum charges are set out in the scale. These fees will apply to other polls/elections/referendums.

PART I - UNCONTESTED ELECTION

A – FEES

- | | |
|---|--|
| 1. To the Returning Officer, for conducting the election and generally performing the duties required by any enactments relating to the election, other than any duties for which separate fees are provided. For each Electoral Division, a fee of | 1-member £46.00
2-member £91.00 |
| 2. To a Deputy Returning Officer appointed for the purposes of conducting and generally performing the duties assigned by the Returning Officer, other than duties for which separate fees are provided. For each Electoral Division, a fee of | 1-member £31.00
2-member £61.00 |

B – DISBURSEMENTS

- | | |
|---|------------------------------------|
| 3. Preparation of poll cards and postal vote cards for supervising the preparation and issue of official poll and postal vote cards. For each Electoral Division, a fee of..... | 1-member £18.40
2-member £36.80 |
| 4. For the employment of persons for clerical and other assistance. For each Electoral Division | 1-member £21.50
2-member £43.00 |
| 5. Travelling expenses of the Returning Officer, Deputy Returning Officer and Assistants. Per mile..... | £0.45 |
| 6. For printing and providing forms, notices and other documents required for the election, including the printing costs, computer charges and all associated costs of producing official poll and postal vote cards, together with advertising expenses, postage, telephone calls and miscellaneous expenses | Actual and necessary cost |

PART II - CONTESTED ELECTION

A – FEES

7. To the Returning Officer, for conducting the election and generally performing the duties required by any enactments relating to the election, other than any duties for which separate fees are provided. For each Electoral Division, a fee of..... 1-member **£95.00**
2-member **£189.00**
8. To a Deputy Returning Officer appointed for the purposes of conducting and generally performing the duties assigned by the Returning Officer, other than duties for which separate fees are provided. For each Electoral Division, a fee of 1-member **£90.00**
2-member **£180.00**

(If a duly appointed Deputy Returning Officer also carries out the functions specified under Item 9 of this scale, he will be entitled to claim the fees payable under both item 8 and item 9 of the scale)

9. To a Deputy Returning Officer appointed solely for the purposes of rules 25(b) and 38 to 46 of the Local Elections (Principal Areas) Rules 1986 (or such legislation as may subsequently be enacted), for making arrangements for counting the votes and declaring the result of the poll. For each Electoral Division, a fee of..... 1-member **£60.00**
2-member **£121.00**

(A Deputy Returning Officer appointed under this item cannot claim the fee payable under item 14 of this scale)

- 9A. For each Recount..... £14.00

B – DISBURSEMENTS

10. Presiding Officer, a fee of..... **£208.00**
or where a poll is combined with a district council or parish council poll, a fee of..... **£235.00**
11. Poll Clerk, a fee of..... **£151.00**
or where a poll is combined with a district council or parish council poll, a fee of..... **£161.00**

(Presiding officers and poll clerks may not include any additional expenses i.e. electricity charges, other than travelling expenses specified in item 23 of this scale, without the prior written express agreement of the (Deputy) Returning Officer.)

12. An additional poll clerk may be employed full-time or part-time at a polling station at the discretion of the Returning Officer or his duly appointed Deputy Returning Officer, and will be paid the fee payable under item 11 of this scale, or an appropriate proportionate amount as applicable.

13.	For the provision of training for polling station staff, including a payment for staff undertaking the training. This may be used in respect of any payment made for the collection of the ballot box ahead of an election by staff. To be distributed by the Deputy Returning Officer at their discretion. A fee of:.....	£50.00 per presiding officer and poll clerk
14.	Counting/Verification Supervisor: A fee of	
	(a) for the first hour.....	£16.00
	(b) for each half hour thereafter or part thereof.....	£8.00
	In respect of evening/overnight working	
	(c) for the first hour.....	£18.00
	(d) for each half hour thereafter or part thereof.....	£9.00
15.	Counting/Verification Assistant: A fee of	
	(a) for the first hour.....	£12.00
	(b) for each half hour thereafter or part thereof.....	£6.00
	In respect of evening/overnight working	
	(c) for the first hour.....	£14.00
	(d) for each half hour thereafter or part thereof.....	£7.00
16.	For the employment of persons for clerical and all other assistance other than where separate fees are provided. For each Electoral Division.....	1-member £112.00 2-member £225.00
17.	Preparation and issue of poll cards and postal vote cards, for supervising the preparation and issue of official poll and postal vote cards. For each Electoral Division, a fee of.....	1-member £18.45 2-member £36.90
18.	To an officer designated by the Returning Officer or his duly appointed Deputy, for inspection and supervision of polling stations. A fee of.....	£235.00
19.	For preparation of ballot boxes. For each polling station, a fee of.....	£5.00
<hr/>		
20.	Supervisor for the issue and receipt of postal ballot papers. A fee of:	
	(a) for the first hour.....	£16.00
	(b) for each half hour thereafter or part thereof.....	£8.00

21. For the employment of persons in connection with the issue and receipt of postal ballot papers, the total sum of which to be distributed by the Deputy Returning Officer at their discretion. A fee of.....	£0.70 per postal vote
22. Hire of rooms in connection with the issue and receipt of postal ballot papers	Actual and necessary costs
23. For travelling expenses of the Returning Officer, Deputy Returning Officer, Assistants, Presiding Officers, Poll Clerks and Counting Assistants, and for posting Notices of Election and Notices of Poll. Per mile.....	£0.45
24. Hire of rooms for the preparation of ballot boxes	Actual and necessary cost
25. For preparing a room for the purpose of a poll, and of a count, and cleaning and reinstating the room (per station)	
(a) in the case of a school maintained by a local authority, which may be used free of hire charge, the caretaker's fee is to be paid in accordance with the allowances in force in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service; or any local agreement;	Actual and necessary cost
and	
(b) in any other building.....	Actual and necessary cost
26. Heating and lighting (per polling station) ...	Actual and necessary cost
27. Conveyance of ballot boxes and voting screens.....	Actual and necessary cost
28. Compensation payable in consequence of the cancellation of functions in order to make suitable premises available for use as polling stations or places of count.....	Actual and necessary cost
29. For provision of ballot boxes and voting screens, for printing notices, ballot papers and other forms and documents required, including the printing costs, computer charges and all associated costs of producing the official poll and postal vote cards, and for stationery, advertising, postage, telephone calls, bank charges and miscellaneous expenses.....	Actual and necessary cost

NOTE: At a combined election of County with District or Parish Councillors, wherever appropriate the costs are to be shared on an equal basis between the relevant Authorities, unless a particular expense can actually be allocated to a specific authority.

Nick Graham, Director of Law and Governance and Monitoring Officer

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Division(s):

AUDIT AND GOVERNANCE COMMITTEE – 18 MARCH 2020

Update on actions - Annual Governance Statement 2019/20

Report by Director of Law & Governance and Monitoring Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to consider and note the outcomes so far on the governance actions agreed in last year's Annual Governance Statement.**

Introduction

2. Each year the Council must approve an Annual Governance Statement. This Committee is instrumental in this and will be invited to approve a new Statement in May 2020. The Statement provides a description of the effectiveness of the Council's governance framework and an Opinion as to its sufficiency. It also normally includes a set of governance actions that will form a priority for the year ahead.
3. In last year's Annual Governance Statement, several governance actions were listed as priorities for 2019/20. The Committee asked for a separate update on the outcomes from these actions before the Committee then goes on to consider the Annual Governance Statement for the forthcoming year. As such, this report includes a brief update on the priority actions identified for the 2019/20 year. The final position on them will be given in the Annual Governance Statement in May this year.

The actions for 2019/20

4. In forming each year's Annual Governance Statement, the Council's Corporate Governance Assurance Group of senior governance officers, this Committee's Audit Working Group and finally this Committee itself, agree a set of priority governance actions that will be a particular focus for the year ahead. These are included as an integral part of the Annual Governance Statement. This means that each year's Statement 'looks two ways': an update is given on the actions for the previous year and a fresh set of actions is identified for the year ahead.
5. In last year's Statement the actions for the 2019/20 year related to:
 - Property and security – delivering on outcomes from a property (health and safety audit); and greater integration of the property and security functions.
 - Business Continuity – embed the business continuity framework.
 - ICT and Digital – data back-up system options for improvement.

- Procurement – further develop the Council’s contract management; system; improve visibility of requirements.
6. Annex 1 to this report summarises the outcomes to date. A final position statement on these actions will feature in the forthcoming Annual Governance Statement which will be presented to this meeting once it has been reviewed by the Corporate Governance Assurance Group and the Audit Working Group.

Legal and Financial Implications

7. This recommendation in this report does not raise any legal or financial implications.

NICK GRAHAM
Director of Law & Governance and Monitoring Officer

Background papers: Nil

Contact Officer: Glenn Watson
Principal Governance Officer

Telephone: 07776 997946

March 2020

ANNEX 1

Update on Annual Governance Statement Actions 2019/20

Issue	Update	Lead
<p>Property and security:</p> <p>“Deliver on the remaining outcomes of the property audit (health and safety), which established the compliance position, post-Carillion: meet the Key Performance Indicators that have has been put in place to address all the main compliance areas,</p> <p>Establish greater integration between the property and corporate security functions, at managerial and project level.</p> <p>Achieve and maintain prompt renewals of rentals and leases; together with greater level of reporting on the use of properties.”</p>	<p>Ongoing work with Health and Safety Team to progress and deliver the outstanding actions.</p> <p>As reported to this Committee in November 2019, the work to develop a Security Strategy and a more Corporate approach to Security delivery is ongoing. In conjunction with Health and Safety, Emergency Planning, the Fire Service, Social Care and Procurement.</p> <p>In support of this, Facilities Management have designed and carried out an initial fact-finding survey of sites Countywide to look at the current Security position and systems.</p> <p>The work of Estates Team function is ongoing and tenure management is being maintained.</p> <p>Achieved, and the work of Estates Team function is ongoing and tenure management is being maintained.</p>	<p>George Eleftheriou, Director for Property, Investment and Facilities Management</p>

Issue	Update	Lead
<p>Procurement:</p> <p>“Atamis eCMS Contract Management system is neither fully developed nor fully deployed across the Council.</p> <p>The electronic Contract and Supplier Management System (eCMS) will be reviewed as part of the Provision Cycle transformation programme with the expectation to develop and implement a system that will provide management and controls across the full cycle of Commissioning, Procurement and Contract Management.</p> <p>This will enable a consistent, council-wide approach enabling 100% visibility of requirements”</p>	<p>Developments and improvements have been made but the delayed PC transformation has had an impact on the full rollout across the Council.</p> <p>The Programme Module has been fully implemented to automate the forward procurement pipeline and is now moved to business as usual</p> <p>Work has been completed in terms of spend categorisation for significant providers e.g. £100k upwards and circa 700 providers</p> <p>Contract Information has improved in quality and provides a quarterly extract that is published on the external website as its Contract Register</p> <p>The flexibility of the Atamis product and our existing OCC commercial arrangements for licencing of the Electronic Contract Management Tool (ECMS) has allowed the Cherwell DC data to be included.</p> <p>The reporting tools will allow the shared OCC/CDC procurement teams to take a more holistic approach for supplier spend and category management.</p>	<p>Wayne Welsby, Head of Procurement Contract Management</p>

Issue	Update	Lead
<p>Business Continuity:</p> <p>“Embed sound business continuity framework across the Council to monitor awareness and compliance. In particular to:</p> <ul style="list-style-type: none"> • Increase the evidence base for Business Continuity Plans • Achieve a documented business continuity testing strategy/plan • Implement a testing exercise plan and programme • Identify training needs across the council based on the evidence of testing and plan quality” 	<p>Achieved.</p> <ul style="list-style-type: none"> • monthly compliance report which details the plans we actually have with a RAG rating applied. • reviewed at the monthly Steering group. • annual testing & exercising programme with the Business Continuity plan owners accountable for testing their plans. • lessons learned from tests/exercises at steering group meetings and training identified. 	<p>Andy Brett, Emergency Planning Officer</p>
<p>ICT and Digital:</p> <p>“Back Up of data reliability. The system which provides this function is aged and may fail.</p> <p>Replacement of Computer, Storage and backup datacentre provision is a primary action identified as part of the ICT Health Check.”</p>	<p>A new backup solution has been commissioned and implemented. It has been audited and the final audit report is anticipated mid- March 2020.</p> <p>This work is nearing its completion. The final phase is the decommissioning of infrastructure that is being replaced. The programme end date is 31 March 2020. This work was audited in December 2019, with a positive Green rating.</p>	<p>Will Harper, Head of IT.</p>

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**Audit & Governance Committee
Annual Report**

**Report of the work of the Audit &
Governance Committee during 2019-20**

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Key Activities	5

Annex

1. Audit and Governance Committee Functions (extract from the Council's Constitution)
2. Audit Working Group Terms of Reference

Chairman's Introduction

As the Chairman of the Audit and Governance Committee I am very pleased to present this annual report which sets out the role of the Audit & Governance Committee and summarises the work we have undertaken both as a Committee, and through the support of the Audit Working Group during the financial year 2019/20.

The Committee operates in accordance with the good practice guidance produced by the Chartered Institute of Public Finance Accountancy (CIPFA) in 2018. During the year the Committee completed a self-assessment against this guidance which confirmed the Committee is operating effectively in accordance with the standards, providing an independent and high-level resource which supports good governance and strong public financial management.

The Committee continues to be well supported by Officers, providing a high standard of reports and presentations. I would also like to thank the Internal Audit and the External Audit teams for their input.

I should like to take this opportunity to give my personal thanks to all the officers, Dr Geoff Jones, Chairman of the Audit Working Group, my Vice Chairman Cllr Tony Ilott and without exception, all fellow Committee members who have contributed and supported the work of the Committee in such a meaningful and positive way throughout the past year.

COUNCILLOR NICK CARTER

Chairman, A&G Committee

Role of the Audit & Governance Committee

The Audit and Governance Committee operates in accordance with the “Audit Committees, Practical Guidance for Local Authorities” produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2018. The Guidance defines the purpose of an Audit Committee as follows:

1. Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high - level resource to support good governance and strong public financial management.
2. The purpose of an Audit Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

The key functions of the Audit and Governance Committee are defined within the Council's Constitution; the relevant extract is attached as Annex 1 to this report. In discharging these functions, the Committee is supported by the Audit Working Group, their terms of reference are attached as Annex 2 to this report.

How the Committee has discharged its responsibilities during 2019/20

Key A&G Committee Activities	May 19	July 19	Sept 19	Nov 19	Jan 20	March 20
Financial Reporting						
Considered accounting policies	•					
Approved 2018-19 Annual Statement of Accounts		•				
Review of Treasury Management Outturn 2018-19		•				
Treasury Management 2019-20 mid term review				•		
Treasury Management Annual Investment Strategy 2020-21					•	
Treasury Management industry update briefing from Arlingclose					•	
Financial Management Code				•		
Internal Audit						
Annual Report of the Chief Internal Auditor 2018-19	•					
Internal Audit Strategy and Plan 2019-20	•					
Reports from Audit Working Group	•	•	•	•	•	
Update on Highways / Highways Payments Audit	•			•		
Review of Internal Audit Reports and monitor of in-year progress			•		•	
Review of Internal Audit Charter and Quality Assurance Programme		•				
External Audit						
External audit progress updates and technical updates	•			•	•	•
Audit Results Report 2018-19		•				
Pension Fund Audit Results Report 2018-19		•				
External Audit Annual Audit Letter			•			
Governance & Risk Management						
Review of OCC/CDC partnership governance arrangements	•					
Approval of Annual Governance Statement (AGS) for 2018-19	•					
Review of AGS action plan	•					•
Report from Transformation Sub Committee	•		•			

Key A&G Committee Activities	May 19	July 19	Sept 19	Nov 19	Jan 20	March 20
Annual Scrutiny Report	•					
Review of OxLEP governance arrangements	•					
Oxfordshire Fire & Rescue Statement of Assurance	•					
Carilion Recovery Plan Update	•					
Review of governance arrangements – Oxford City Works agreement		•				
Review of Corporate Security		•				
Surveillance Commissioner’s Inspection and Regulation of Investigatory Powers Act			•			
Risk Management & Opportunities Strategy			•			
Information Governance			•			
Local Government Ombudsman annual report			•			
Monitoring Officer annual report			•			
Changes to constitution – Pension Fund Committee				•		
Review and update of Audit & Governance Committee Terms of Reference				•		
Audit & Governance Committee Self-Assessment against CIPFA standards				•		
Scale of election fees and expenditure						•
Counter-Fraud						
Approval of Counter-Fraud Strategy and plan for 2019-20		•				
Counter-Fraud Plan update				•		•

The Committee is supported by the Audit Working Group (AWG):

Key AWG activities	April 19	June 19	Sept 19	Oct 19	Dec 19
Internal Audit & Counter-Fraud					
Internal Audit and Counter-Fraud update, including review of Internal Audit Reports and monitoring of progress with implementation of agreed management actions	•		•		•

Key AWG activities	April 19	June 19	Sept 19	Oct 19	Dec 19
Review of Audit of Backup and Recovery and implementation of management actions	•				
Review of Audit of Security Bonds and implementation of management actions	•	•		•	•
Review of Audit of Contingency Care and implementation of management actions	•				
Review of Audit of S106 and implementation of management actions		•		•	
Review of Audit of Mental Health and implementation of management actions			•		
Review of Audit of Oxford City Works Agreement and implementation of management actions					•
Governance & Risk Management					
Review of draft Annual Governance Statement, including Corporate Lead Statements and Action Plan	•				
Oxfordshire Fire & Rescue Draft Statement of Assurance	•				
Finance Review update	•	•			
Review of corporate risk management arrangements, including Leadership Team Risk Register	•			•	
Review of directorate risk management arrangements including risk register – Resources (as referred to at the time of AWG review)		•			
Review of directorate risk management arrangements including risk register - Communities				•	
Review of directorate risk management arrangements including risk register – Childrens					•
Whistleblowing Annual Report			•		

2019/20 Key Achievements:

- Facilitated by the Chief Internal Auditor, the Committee completed a self-assessment against CIPFA's view of best practice for Audit Committees in local authorities "Audit Committees in Local Authorities and Police 2018 edition". This exercise confirmed the Committee is operating effectively in accordance with the standards, providing an independent and high-level resource which supports good governance and strong public financial management.

- The Committee and AWG has continued to review and monitor material weaknesses identified from the internal audit reports with Senior Managers attending to provide assurance on how the issues were being addressed. This has supported the implementation of the action plans to deliver the required improvements in key areas for the Council, for example Highways Payments and Mental Health.

Highways Payments – following several audits, graded Amber, which highlighted weaknesses with the contractor’s cost management system and promised developments to the system not being progressed satisfactorily, the contractor has attended the Committee. The challenge offered by the Committee has supported OCC officers with the escalation of the issues with the contractor to ensure proper resolution. The committee have monitored the contractor’s improvement plan to address the system weaknesses identified and the Service now report the significant improvement in terms of cost transparency and data capture.

Mental Health – Following two audits, both with the overall grading of Red, the Committee / Audit Working Group have closely monitored the implementation of the agreed action plans. The responsibility for the delivery of social work provision for the over 65’s has been brought back from Oxford Health to the County Council. The Committee / Audit Working Group have noted the significant improvements made. The Mental Health Provider JMG (OCC and OHFT) continue to retain the responsibility for overseeing the s75 partnership arrangements including monitoring of budget, performance, staffing and service development. OCC are working collaboratively with Oxford Health to ensure robust oversight of activities relating to social care, care act compliant assessments and reviews. The Committee/AWG continue to monitor the remaining outstanding actions which include agreeing the detailed governance arrangements for the delivery of Adult MH social care and updating the S75 / quality assurance framework with the revised arrangements.

- A continued focus for the Committee and AWG during 2020/21 will be to monitor the improvement actions agreed following audits of S106 and Security Bonds, both areas graded as red, due to significant weaknesses identified. Officers are regularly required to attend the Committee/AWG and through this continued monitoring positive action is in progress to improve the governance and control environment, including that there are now clear timescales in place for the procurement and implementation of the new S106/Security Bonds ICT systems. In response to Internal Audit highlighting that the current security bond register was not an accurate or complete mechanism for the recording and management of bonds, that a moratorium on all returns and releases of cash bonds and an immediate process review was instigated to ensure the robust checking and adequate segregation of duties is in place going forward.
- The Committee are pleased to particularly note through review during the year of over 30 Internal Audit reports and monitoring by the Committee & AWG of the agreed management actions that significant weaknesses in the system of internal control are being prioritised and addressed.

- The Committee have provided effective scrutiny of the treasury management strategy and policies. Receiving regular reports of activity, reviewing the treasury risk profile and adequacy of treasury risk management processes has contributed to good performance in this area.

Our work in 2019/20

The key activities of both the Committee and AWG are captured in the tables above. In summary:

Financial Reporting

The Committee reviewed and approved the annual statement of accounts on behalf of the Council and considered the external auditors report. The Committee reviewed the proposed accounting policies for the statement of accounts.

The Committee receives reports from the Treasury Management Team three times a year, exercising its stewardship role. The Committee reviewed the Treasury Management Outturn Report, the Treasury Management Mid-term Performance Report and the Treasury Management Strategy Statement and Annual Investment Strategy 2020/21. The committee members attended an industry update briefing presented by Arlingclose covering new legislation and potential risks; to help inform the review of the 2020/21 Treasury Management Strategy.

Internal Audit

The Committee in May 2019 approved the Internal Audit Strategy for 2019/20, including the annual audit plan and counter fraud plan, which provides members the opportunity to challenge and influence the plan where the Committee has identified areas of concern.

The Committee receives regular progress reports from the Chief Internal Auditor, including summaries of the outcomes from Internal Audit work. Through the Audit Working Group, the Committee monitors the progress with the implementation of management actions arising from audit reports.

In response to Internal Audit reports the Committee/Audit Working Group, has looked in detail at the following areas; S106, Security Bonds, Contingency Care, Back up and Recovery, Oxford City Works Agreement, Mental Health and Highways Payments.

The review of the effectiveness of the system of Internal Audit, commissioned by the Committee was reported and considered in March 2019. Overall the results are very favourable and demonstrated a strong level of satisfaction about the nature and effectiveness of the service. There were no issues as regards the integrity, or capability, of any of the officers of Internal Audit; the comments continue to reflect that the service is well-regarded. The next review will be scheduled for 2021.

The Committee has continued to monitor the resourcing of Internal Audit. The Committee recognise the challenges in recruitment in this area and continue to be updated regarding the recruitment and retention strategies being adopted.

The Internal Audit Plan was completed by the end of April 2020 Committee and the annual statement of the Chief Internal Auditor produced for the April 2020 Committee. Based on the evidence of the reports presented to the Audit Working Group and the Committee, the team continues to provide an effective challenge and therefore assurance on the key risk activities.

The Committee also met with the Chief Internal Auditor in a private session during September 2019 and are satisfied Internal Audit are free to carry out their duties without restrictions.

The Committee approve the Internal Audit Charter on an annual basis, this was approved at the July 2019 meeting.

External Audit

The Council's external auditors, Ernst and Young, attended all the committee meetings during 2019/20, providing regular updates on their work plan and any matters arising. The Committee received and reviewed the External Audit Annual Letter.

The Committee also met with the external auditors in a private session in March 2020 and are satisfied they are free to carry out their duties without restrictions. We are also assured that if identified they would bring any material issues to the attention of the Committee.

Governance & Risk Management

The Committee approved the Annual Governance Statement (AGS) for 2018/19 in May 2019. This included improvement actions for 2019/20, within the following areas; Property & Security, Business Continuity, ICT & Digital and Procurement. The Committee actively monitors progress with the implementation of the actions.

The Committee and AWG receives and considers updates from officers on areas such as: OCC & CDC partnership governance, OxLEP governance arrangements, Carillion recovery plan and Oxford City Work agreement.

The Committee received the draft Risk and Opportunities Management Strategy 2019-21 at the September meeting for review and comment, prior to presentation to Cabinet in October 2019.

The Committee, through the Audit Working Group, has continued to receive risk management updates, which included detailed review of the Leadership risk register. The Audit Working Group have continued with a cyclical programme of reviewing the

Directorate risk registers throughout the year. The Audit Working Group is satisfied from their review that the process for reporting, escalating and managing risks is being maintained and acknowledge the ongoing work to improve and properly embed risk management as a routine part of OCC's everyday work.

The Committee and Audit Working Group also considered the annual report of the Monitoring Officer; the annual report of the Local Government Ombudsman; the use of the Regulation of Investigatory Powers Act 2000 (RIPA); review of scale of election fees; and the Fire and Rescue Service Annual Statement of Assurance. There were no material issues or concerns arising.

The Committee has not received any reports in respect of investigations into allegations of misconduct under members' code of conduct. The Committee has not granted any dispensations from requirements relating to interests as set out in the code of conduct for members.

Counter-Fraud

The Audit & Governance Committee and Audit Working Group receive regular updates from the Chief Internal Auditor on any reported matters of suspected fraud, including investigations. Outcomes of investigations are reported to and monitored by the Audit & Governance Committee. The Committee plays a key role in monitoring the effectiveness of the Council's counter fraud arrangements.

The Committee received a report on Whistleblowing from the Monitoring Officer, that highlighted there have been very few cases.

Overall the Council has a strong system of internal control, so it is not unexpected there is very little fraud identified; however nationally statistics show that fraud is on the increase, so it is important that we all remain vigilant.

Appeals

The Committee is responsible for the work of the Appeals & Tribunals Sub-Committee a panel of members that is chaired by a member of the Audit & Governance Committee*. They carry out a range of appeals and tribunals:

Type of appeal	Number in Calendar Year 2019
Member Appeals:	
Appeal against dismissal	0
Appeal against redundancy selection	0
Raising concerns at work appeals	0
Disciplinary and Capability appeals	0
Job Evaluation formal appeals	2
Home to School Transport Appeals	46 Appeals were scheduled to be heard 4 Upheld (wholly or in part) 23 Refused 19 Withdrawn

* Excluding Home to School Transport Appeals where the Panel is made up of one councillor, one officer and one independent person.

Annex 1

Audit & Governance Committee Terms of Reference

Statement of purpose

1. The Audit & Governance Committee is a key component of Oxfordshire County Council's corporate governance framework. It provides an independent and high-level focus on the adequacy of the risk management framework, the internal control environment, the integrity of the financial reporting and governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

Generally

2. To draw to the attention of the appropriate scrutiny committee, or Cabinet or any other committee, as appropriate any issues which in the Committees view would benefit from a scrutiny review or Cabinet's or a committee's further investigation.

Governance, risk and control

3. To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
4. To review the AGS (Annual Governance Statement) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
5. To ensure compliance with relevant legislation, guidance, standards, codes and best practice, whether external or internal;
6. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
7. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
8. To monitor the effective development and operation of risk management in the council.
9. To monitor progress in addressing risk-related issues reported to the committee.
10. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
11. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
12. To monitor the counter-fraud strategy, actions and resources.
13. To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal audit

14. To approve the internal audit charter.
15. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
16. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
17. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
18. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
19. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
20. To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - regular reports on the results of the QAIP (Quality Assurance Improvement Programme)
 - reports on instances where the internal audit function does not conform to the PSIAS, (Public Sector Internal Audit Standards) considering whether the non-conformance is significant enough that it must be included in the AGS.
21. To consider the head of internal audit's annual report:
 - The statement of the level of conformance with the PSIAS – this will indicate the reliability of the conclusions of internal audit.
 - The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
22. To consider summaries of specific internal audit reports as requested.
23. To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
24. To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
25. To consider a report on the effectiveness of internal audit to support the AGS.
26. To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External audit

27. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA (Public Sector Audit Appointments) or the authority's auditor panel as appropriate.
28. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
29. To consider specific reports as agreed with the external auditor.
30. To comment on the scope and depth of external audit work and to ensure it gives value for money.
31. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

32. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
33. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

34. To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
35. To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
36. To publish an annual report on the work of the committee.

Treasury Management

37. To be responsible for ensuring effective scrutiny of the treasury management strategy and policies. Receiving regular reports of activity, reviewing the treasury risk profile and adequacy of treasury risk management processes.

Ethical Governance

38. To promote high standards of conduct by councillors and co-opted members.
39. To grant dispensations to councillors and co-opted members from the requirements relating to interests set out in the code of conduct for members
40. To receive a report from member-officer standards panels appointed to investigate allegations of misconduct under the members' code of conduct.

41. To advise the Council as to the adoption or revision of the members' code of conduct.

Elections

42. To appoint the County Returning Officer for the purposes of county council elections
43. To carry out other relevant electoral functions under Section D of Schedule 1 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, including the annual setting of the scale of fees for County Council elections.

Appeals & Tribunals Sub – Committee

44. The Committee will appoint an Appeals & Tribunals Sub-Committee which will have the following responsibilities and membership:

Responsibilities:

- (i) The determination of appeals against decisions made by or on behalf of the authority as specified in Paragraph 2 of Schedule 2 to the Functions Regulations.
- (ii) To hear and determine appeals in cases where the relevant procedure rules require this function to be performed by a formally constituted committee or sub-committee.
- (iii) To hear and determine appeals in other cases under the relevant procedure rules.

Membership:

The Appeals & Tribunal Sub-Committee will meet as needed and its membership will be:

- (i) A member of the Audit & Governance Committee (or substitute)
- (ii) Two other members of the Council (one being a Cabinet member in the case of Fire Discipline issues)

November 2019.

Annex 2

AUDIT WORKING GROUP TERMS OF REFERENCE

Membership

The Audit Working Group shall consist of:-

The independent member of the Audit and Governance Committee who will chair the Group, together with four members of the Audit and Governance Committee, one of whom shall be the Chairman of the Committee. There will also be up to four named members of the Audit and Governance Committee who will deputise as required. Where the Chairman of the Audit and Governance Committee cannot attend the Audit Working Group, the Deputy Chair of the Audit and Governance Committee will be the named deputy.

The Director of Finance and/or Assistant Director of Finance Officer, Director of Law and Governance (& Monitoring Officer), and the Chief Internal Auditor, or their representatives shall attend the Group meetings.

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

All members of the Audit and Governance Committee can attend Audit Working Group Meetings as observers.

Role

The Audit Working Group shall:

act as an informal working group of the Audit and Governance Committee in relation to audit, risk and control to enable the Committee to fulfil its responsibilities effectively in accordance with its terms of reference;

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

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

receive private briefings on any matters of concern;

at least annually hold a private session with the External Auditors not attended by any officers, and a further private session on Internal Audit matters with the Chief Internal Auditor only.

Reporting

The Director of Finance will report to the Audit and Governance Committee on matters identified by the Group following consultation with the Chairman and members of the Group.

Meeting

The Group shall meet regularly in cycle with the Audit and Governance Committee. The Group may invite any officer or member of the Council to attend its meetings to discuss a particular issue and may invite any representative of an external body or organisation as appropriate.

Confidentiality

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

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

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

UpdatedMarch 2020

Review Date.....April 2021

Officer Responsible:
Sarah Cox, Chief Internal Auditor
Telephone 07393 001246
sarah.cox@oxfordshire.gov.uk

AUDIT and GOVERNANCE COMMITTEE – 18 MARCH 2020

Update on Counter Fraud Strategy and Plan for 2019/20

Report by the Director of Finance

RECOMMENDATION

1. The committee is **RECOMMENDED** to note the progress with delivery of Counter Fraud Strategy and Plan for 2019/20.

Executive Summary

2. This report presents an update on the Counter Fraud Strategy and Plan for 2019/20, which was presented to the Audit & Governance Committee in July 2019, with an update provided to the November 2019 meeting. The plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has in place proportionate and effective resources and controls to prevent and detect fraud as well as investigate those matters that do arise.
3. The report includes a summary of counter-fraud activity against the annual plan (see table 1 below) and an overview of open and closed cases as at February 2020 (see table 2 below).

Background

4. In April 2016, the Government launched the Local Government Counter Fraud and Corruption Strategy 2016-19 – Fighting Fraud and Corruption Locally. The Strategy is supported by CIPFA's Code of Practice on Managing the risk of fraud and corruption. The Council's counter fraud arrangements are designed to adhere to the principles identified within these and therefore the plans for 2018/19 and 2019/20 are aligned to the CIPFA Code's 5 key principles:
 - Acknowledge responsibility
 - Identify risks
 - Develop Strategy
 - Provide resources
 - Take action

Counter Fraud Plan and Model for Delivery 2019/20

5. In July 2019, we reported that a large part of the strategic work this year will be in researching and developing the best and most effective counter-fraud model for the County. This work has made good progress with the development of the working relationship with Trading Standards, sharing skills and resources, including them providing an officer on secondment to cover our current Investigation Officer vacancy on a part-time basis. This has enabled further initial work to be completed to identify ongoing resource requirements and opportunities to support an effective counter-fraud delivery model going forward.
6. In recognising the additional capacity now required to build the counter-fraud service, both the development work and operational line management of counter-fraud will transfer from the Chief Internal Auditor to the Assistant Director of Finance for a temporary period (6-12 months). This will enable the Chief Internal Auditor to focus on building the Internal Audit Service to be provided across OCC and CDC from April 2020, and provide the strategic capacity needed to lead the development work around counter-fraud. The Assistant Director of Finance will bring the Counter-Fraud Strategy and Annual Plan 2020/21 to the July 2020 committee.
7. On the operational side, we continue to receive all fraud referrals (via email or phone). These are screened and logged on the newly-implemented case management system (Opus). A separate module in the system records all Blue badge/bus pass/parking permit fraud/misuse reports by the Customer Service Centre teams (CSC). This is being input and managed by the CSC Deputy Service Lead (Operations) and overseen by Internal Audit. Previously these CSC misuse/fraud referrals had been logged on a local spreadsheet but using the new system will provide greater transparency and reporting facilities.
8. Close working is ongoing with the CSC to further develop the Blue Badge enforcement procedures. Blue badge training and enforcement days in Oxford City and Banbury are planned, to include PCSO's from Banbury and Civil Enforcement Officers in Oxford City, as well as Trading Standards and Counter Fraud Officers. Counter Fraud and CSC have also been working closely on the introduction of the new processes for identifying invalid bus passes being used on Oxfordshire buses.
9. Table 1 below provides more detail on the overarching objectives and action plan for Counter Fraud in 2019/20, as well as an update against actions as at October 2019 and February 2020.

Table 1 – Update against Counter Fraud Plan 2019/20

Objective:	Actions:	Success Criteria:	Update
<p>1. Develop Oxfordshire Counter-Fraud model</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Develop Strategy • Provide resources • Take action 	<ul style="list-style-type: none"> • Fraud delivery models will be assessed, looking at comparator Councils and in discussion with local partners. • A Counter Fraud Officer will be recruited to take on the operational delivery of the service. • The County-wide Counter-fraud strategy will be discussed at Oxfordshire Treasurers Association. • In line with corporate direction, establish and build a close working partnership between OCC and Cherwell DC counter-fraud activity. • A close working relationship will continue with Oxford Investigation Service, purchasing additional resource from them as required. • Build relationships with counter-fraud colleagues in other LA's (Hertfordshire Shared Anti-Fraud Service, West Oxon Fraud Hub). • Internal Audit will retain the strategic lead role on Counter Fraud however the operational activity will be managed as a distinct function. 	<ul style="list-style-type: none"> • A clear and agreed plan for implementing an effective counter-fraud service • Recruitment of Counter-Fraud Officer 	<p>Oct 2019 Update</p> <p>Relationship building with:</p> <ul style="list-style-type: none"> • The Hertfordshire Anti-Fraud Service (the Head supported us with our recent recruitment exercise). • Bucks CC, to discuss joint working across Bucks-Oxon counter fraud teams. • Gloucs/West Oxon Counter Fraud Unit. • Continue to work closely with OIS. <p>Recruitment to the Counter Fraud Officer role (secondment from Trading Standards).</p> <p>Joint OCC-CDC communications piece developed for the November International Fraud Awareness week internal communication.</p> <p>Update Feb 2020</p> <p>The Counter-Fraud model development is underway, and this will be led by the Assistant Director of Finance.</p> <p>The secondment arrangement is working extremely well and both Counter-Fraud and Trading Standards are positive in building on this going forwards.</p> <p>Contact made with local DWP fraud team and TVP</p>

			Economic Crime Unit to discuss common cases relating to fraud / financial abuse.
<p>2. Raise the profile of counter-fraud and increase fraud referrals & efficiency of fraud case management</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Develop Strategy • Provide resources 	<ul style="list-style-type: none"> • Update the Fraud pages on the website and intranet • Update and improve the fraud referral routes • Research case management systems to automate and create efficiencies in logging and updating cases. • Deliver counter-fraud training to members and officers. 	<ul style="list-style-type: none"> • All Fraud-related webpages up to date with clear & easily accessible fraud referral routes for the public, staff and others to use. • New case management system in place • Agreed training programme delivered. 	<p>October 2019 Update</p> <ul style="list-style-type: none"> • The update of the fraud pages on the website and intranet is complete • The fraud referral email address and contact details is now more prominent on these pages (at the top) • The new fraud case management system, Opus, has gone live and is also being used by CSC to record Blue badge cases. <p>February 2020 Update</p> <p>Staff Fraud Awareness survey completed in November 2019.</p> <p>Direct Payment Fraud awareness training session delivered.</p> <p>Bite-sized fraud awareness/risk assessment sessions to be scheduled.</p>
<p>3. Fraud risk mapping: Blue badge, Carer's grant, Bus Pass</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Take action 	<ul style="list-style-type: none"> • Review of processes to identify fraud risks • Work with the service to embed fraud red flags and referral points in each process and record misuse/fraud issues • Review the Blue badge annual exercise performed with OIS to 	<ul style="list-style-type: none"> • Fraud risks mapped throughout the BB, CG and BP processes • Standard Operating Procedure for BB Enforcement developed 	<p>October 2019 Update</p> <ul style="list-style-type: none"> • Developed a set of SOPs for blue badge enforcement. • Met with counterparts from Portsmouth City Council to discuss BB enforcement. • Met with Banbury PCSO's to discuss

	<p>identify any areas for process improvement.</p>	<ul style="list-style-type: none"> • Successful BB misuse/fraud prosecution(s) and deterrence activity 	<p>enforcement in the north of the county.</p> <p>February 2020 Update</p> <p>Agreed training and enforcement exercise with Portsmouth Council in Oxford City and Banbury. Training to be delivered to OCC staff (Counter-Fraud and Trading Standards), PCSO's and new Civil Enforcement provider in Oxford City. Joint enforcement exercises to be undertaken.</p> <p>New process in place to flag and reject invalid bus passes on Oxfordshire buses from April. Counter-Fraud have worked closely with CSC to agree process to deal with potentially fraudulent use of passes.</p>
<p>4. NFI</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Take action 	<p>Complete the review of NFI matches from the 2018/19 exercise</p>	<ul style="list-style-type: none"> • All NFI matches reviewed • Recovery of funds where appropriate • Lessons learnt shared and controls improved where necessary 	<p>October 2019 Update</p> <p>A full update on NFI progress was provided (see Appendix 1 of the October paper).</p> <p>February 2020</p> <p>No further update to provide, but investigations are ongoing.</p>
<p>5. Adult Social Care</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Provide resources 	<ul style="list-style-type: none"> • Continue to implement the DP fraud risk process and make any necessary amendments, as well as deliver DP Fraud Awareness training • Continue to hold quarterly Safeguarding/Fraud/Debt review meetings to 		<p>October 2019 Update</p> <p>Met with Safeguarding, Trading Standards and Information Management to discuss opportunities for more effectively capturing and using intelligence on PA's. This work is ongoing.</p>

<ul style="list-style-type: none"> • Take action 	<p>discuss specific cases and implementation of new process</p> <ul style="list-style-type: none"> • Discuss with stakeholders the opportunities for improvement in the use of intelligence on PA's where financial abuse or other safeguarding/fraud concerns are raised. • Review whether improved mechanisms for referral and acceptance of financial abuse cases to the Police can be implemented. 		<p>Following a DP fraud referral to Action Fraud which resulted in NFA we referred the case to the TVP lead on the Adult Safeguarding board. As a result, TVP have taken on this case and are investigating it currently.</p> <p>We continue to work closely with Safeguarding on a number of cases.</p> <p>February 2020 Update</p> <p>Counter-Fraud and 3x Safeguarding Managers now have access to Intel database and will share intel going forwards using this mechanism.</p>
<p>6. Deprivation of Assets</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Develop Strategy • Provide resources • Take action 	<p>Participate in project team reviewing DoA policies and processes to ensure fraud risks are assessed and included.</p>	<ul style="list-style-type: none"> • Service develop polices and processes which include proper assessment, identification and follow up of fraud risk 	<p>October 2019 Update</p> <ul style="list-style-type: none"> • Met with the Deprivation of Assets project coordinator appointed in Sept. • Further Deprivation of Assets cases have been referred through to the fraud team, highlighting the need to agree robust policies and procedures going forwards. <p>February 2020 Update</p> <p>Guidance for Staff drafted, with input from Counter-Fraud to ensure fraud referral routes are clear.</p>
<p>7. Networking</p>	<ul style="list-style-type: none"> • Continue to engage with Midlands Fraud Group 	<ul style="list-style-type: none"> • Attended Group 	<ul style="list-style-type: none"> • Engagement continues regularly with Midlands

<p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Provide resources • Take action 	<ul style="list-style-type: none"> • Build working relationships with well developed counter-fraud services • Engage with the Fraud Knowledge Hub to share information and learning. • Attend Fraud conferences 	<p>meetings and conferences</p> <ul style="list-style-type: none"> • Established useful and productive professional working relationships 	<p>Fraud Group colleagues.</p> <ul style="list-style-type: none"> • New and existing relationships with other local authorities are being developed, as noted above. • Attended Counter-Fraud Conference in Feb 2020.
<p>8. Data reporting</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Take action 	<ul style="list-style-type: none"> • Submit the annual CIPFA Fraud Tracker data • Publish the annual Transparency Code data 	<ul style="list-style-type: none"> • All data reporting requirement submitted accurately and on time. 	<ul style="list-style-type: none"> • Not yet applicable
<p>9. Fraud referral management & investigations</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Take action 	<ul style="list-style-type: none"> • Receive all fraud enquiries and referrals via email, phone and the whistleblowing line/webform • Log these on the Fraud Log • Investigate each referral to establish next steps • Pursue as fraud investigation / management investigation / safeguarding investigation / other, as appropriate. • Working with relevant Officers from other teams • Update fraud log records as case progresses • Escalate and keep management informed where appropriate • Liaise with relevant external stakeholders, eg District Councils, DWP, Police • Take forward the correct outcome actions, eg recovery, prosecutions, disciplinary action etc. • Identify & share lessons learnt. • Close the case 	<ul style="list-style-type: none"> • Response to referrals and enquiries within 48 hours • Appropriate sanctions applied (repayments, prosecution, disciplinary, etc) 	<p>October 2019 Update</p> <ul style="list-style-type: none"> • A total of 21 referrals were made between April – October 2019. Of these 3 have been closed. • All cases since April 2019 are being logged on the new case management system. • A further 14 cases are still open from previous years as they are still under investigation. <p>February 2020 Update</p> <ul style="list-style-type: none"> • Please see table 2 below for further details on cases.

10. Table 2 below provides an update on open and closed fraud referrals and cases as at October 2019.

Table 2 – Fraud referrals and cases as at October 2019

	Totals
Cases on OPUS April 2019 – Feb 2020	Total: 69 Open: 20 Closed: 49
Breakdown of cases on OPUS April 2019 – Feb 2020	<p>Counter-Fraud cases:</p> <p><u>Whistleblowing</u>: 4 (2 closed unproven; 1 referred; 1 under investigation) <u>Personal Budgets / DP</u>: 4 (1 closed NFA; 3 under investigation) <u>Deprivation of Assets/Financial Abuse</u>: 6 (all under investigation) <u>Contract/Procurement</u>: 3 (2 Closed unproven; 1 Closed funds recovered) <u>Corporate/Employee</u>: 4 (3 Closed Unproven, 1 under investigation) <u>Pension</u>: 1 (under investigation)</p> <p><u>Blue Badge (managed by CSC)</u></p> <p>Blue badge misuse/abuse referrals: 47</p> <p>Of which:</p> <p>Warning letter issued & closed: 23 Closed as insufficient information: 8 Investigated and closed NFA: 5 Badge destroyed/withdrawn & closed: 3 Under investigation by BB team: 5 Referred for fraud investigation to C-F team: 3</p> <p><u>Note</u>: 4 fraud cases are currently under investigation by the police and / or subject to legal proceedings.</p>

LORNA BAXTER
Director of Finance

Background papers: None. Contact Officer: Sarah Cox, Chief Internal Auditor 07393 001246

Division(s): all

Audit & Governance Committee – 18 March 2020

The Future of the Joint Audit & Governance and Performance Scrutiny (Transformation) Sub-Committee

Report by Corporate Director for Customer and Organisational Development

RECOMMENDATIONS

1. **The Committee is RECOMMENDED to**
 - a) **agree, in conjunction with the Performance Scrutiny Committee, that the work of the Transformation Sub-Committee is complete in having overseen the start-up phase of the council's Transformation Programme and that future oversight now reverts back to its two parent committees; and**
 - b) **consider on an ongoing basis which specific change activities it wishes to include on its forward plan.**

Overall Programme Progress

2. At the Transformation Sub-Committee's previous meeting on 30 January 2020, it received the fourth quarterly report on the progress of the Transformation Programme (October to December 2019), during which time significant progress continues to have been made, including:
 - Improvements in the operation of the Customer Services Centre and our key processes when we first interact with residents when they make first contact;
 - implementation of new staffing structures in Finance, Performance Management, Communications, Consultation and Engagement, Strategy and Policy Development and Programme Management;
 - further developing the design and proposed structures of the council's Provision Cycle (which looks at the way we commission, procure and manage contracts with our supply chain) and our Support Services;
 - agreeing an Information and Communications Technology (ICT) strategy for the organisation, as well as a Framework for Digital Service Delivery.

Refreshing the Council's Approach to Change 2020

3. As reported in the quarterly report, it has become increasingly clear that in order to maximise the impact of all the Council's improvement and development activity, its entire programme of change needs to be managed collectively. The current scope of the Transformation Programme, whilst vital initially to provide strong foundations for change, has become a limiting factor and created an unnecessary demarcation in planning and delivering improvement. The rolling Service and Resource Planning process has developed a new Medium Term Financial Plan for the period 2020/21 to

23/24 (as approved by Full Council in February) and this has further emphasised the need to consider the Council's programme of change activity as a whole in order to maximise the chances of its success.

Next Phase of Activity

4. During the next phase of activity, work will continue to address improvements in the way we interact with residents when they first make contact with the Council (the so-called 'Front Office'), joining up services with partners where appropriate. Longer term plans include the development of a corporate customer strategy, charter and standards.
5. Much of the work that will be taken forward will be highly dependent on the Council's approach to technology. It is likely that vital technology decisions will need to be taken soon, as anticipated within the original business case.
6. Subsequent phases of work will also involve re-examining service areas, for example Communities, Adults and Children's, Education and Family Services, and redesigning elements of them to ensure that they best meet the needs of residents. Following the redesign of many of the Council's 'Back Office' services, and work to improve the 'Front Office', there will be opportunities to consolidate the structures present within services and improve efficiency. The Communities Directorate is at the early stages of its service redesign and is likely to be the first of the key service areas to go through this process.
7. The programme continues to recognise that there exist a number of emerging areas of opportunity (driven by both internal and external factors), which must be flexed and taken advantage of, in order to maximise impact and which need to be integrated into our Medium Term Financial Plans. We are already ensuring that our work on the Provision Cycle is 'future-proofed' to take account of developments towards an Integrated Care System where the Council will work even more closely with the Health sector. Directorates are also forging ahead with improvements such as the implementation of the Family Safeguarding Plus Model within Children, Education and Family Services and, more broadly, developing the council's work on climate action.

Implications for the Audit & Governance Committee

8. This next phase of activity provides an opportunity for the Audit & Governance Committee to continue to provide assurance and challenge on risk management, internal control and governance, including across a broader range of topics than the Sub-Committee's more narrowly defined remit and could choose to hold joint meetings with the Performance Scrutiny Committee when the chairs decide that individual topics or lines of enquiry lend themselves to a joint approach.

Background papers

The fourth quarterly review of the Transformation Programme:

<https://mycouncil.oxfordshire.gov.uk/ieListDocuments.aspx?CId=1075&MId=5888&Ver=4>

CLAIRE TAYLOR

Corporate Director, Customer and Organisational Development

March 2020

Contact details

claire.taylor@oxfordshire.gov.uk

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JOINT AUDIT & GOVERNANCE AND PERFORMANCE SCRUTINY (TRANSFORMATION) SUB-COMMITTEE

MINUTES of the meeting held on Thursday, 30 January 2020 commencing at 10.00 am and finishing at 12.30 pm

Present:

Voting Members: Councillor Nick Carter (Deputy Chairman in the Chair)
Councillor Liz Brighthouse OBE (Chairman)
Councillor Paul Buckley
Councillor Nick Carter (Deputy Chairman)
Councillor Liz Leffman
Councillor Charles Mathew
Councillor Glynis Phillips

Officers:

Whole of meeting Yvonne Rees, Chief Executive; Claire Taylor, Corporate Director Customers and Organisational Development; Lorna Baxter, Director for Finance; Phil Dart, Transformation Programme Director; Tim Spiers, Director Digital and ICT; Colm Ó Caomhánaigh, Committee Officer

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with a schedule of addenda tabled at the meeting, and decided as set out below. Except insofar as otherwise specified, the reasons for the decisions are contained in the agenda, reports and schedule, copies of which are attached to the signed Minutes.

1/20 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda Item. 1)

Apologies were received from Councillor Mike Fox-Davies.

2/20 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda Item. 2)

There were no declarations of interest.

3/20 MINUTES

(Agenda Item. 3)

The minutes of the meeting on 17 October 2019 were approved and signed with one amendment:

Item 26/19: on Page 3, sixth bullet point 'or' replaced with 'and/or'

4/20 QUARTERLY REVIEW OF THE TRANSFORMATION PROGRAMME (OCTOBER TO DECEMBER 2019)

(Agenda Item. 5)

Phil Dart introduced the quarterly report and highlighted where significant progress had been made.

Officers responded to questions from Members are follows:

- At the beginning of the programme, it was necessary to 'badge' the change programme emerging from the PwC work as 'transformation'. The original business case for transformation did not include other major changes such as Family Safeguarding, Fostering or redesign of Adult Social Care. The organisation is always evolving, and as national policy changes, new initiatives and activities will need to be planned and delivered. As such, transformation is now being embedded in the Medium-Term Finance Plan (MTFP). There will no longer be a Cabinet post for Transformation and major change projects will be delivered across the Council, with relevant project, programme and performance management rather than bundled together in one large programme.
- Performance monitoring will show how investment in change is being delivered. For example, there will be a monthly report for ICT and in the 'front office project' there are 15 areas that will be tracked in the first phase. Furthermore, the Director for Finance is working closely with regards to monitoring the financial impact of all major change programmes.
- The Chairman, Deputy Chairman and Chief Executive have discussed, and support, the idea of the scrutiny and audit functions of this Sub-committee returning to the parent committees. Chairs should coordinate and arrange joint meetings when needed. It was noted that projects and programmes are also subject to the internal audit process.
- Performance and progress reports can go to the Performance Scrutiny Committee while the Audit & Governance Committee will have an important role in ICT – for example the implementation of the new data centre has been audited.
- With regard to the Transformation CAG, its role has been helpful. It is for the Council Leader and Portfolio Holder to consider the best way to include Member guidance with regards to organisational change and the future role of the CAG.
- A funding reserve was set aside for the implementation of the original transformation business case proposals. Funding for the new ICT Strategy is provided in the Council's Capital Programme and this has been developed as part of the budget setting process. There is still remaining reserve for other major change projects / improvements. A business case would be drawn up for any proposed additional ICT investment and if it were required, this would be addressed through the annual budget setting process.
- With regard to the customer service centre, performance statistics are kept daily on waiting times and abandonment rates for example, and

team meetings are held every day as part of developing a performance culture in the service.

- In the longer term it may be possible to have joint call centres with district councils, work is currently underway to explore options with Cherwell District Council with the aim of preventing customers having to make more than one call to each council.
- Officers recognised that information can be difficult to find on the Council website and that work was underway to improve how local residents can access our services.
- A customer satisfaction survey has been carried out for the first time (in the contact centre) and the feedback has helped to drive improved performance, these surveys will now become a routine part of continuous improvement.
- Following the restructuring of the Finance function, finance business partners will be located within directorates so that they are part of development and design of initiatives. They still report to the Director of Finance.
- There were limited redundancies as a result of the finance restructure. The projected savings have been achieved and staff in the new service are focussed on the delivery of its service development plan.
- With the redesign of the Strategic Capability function (communications, policy and performance services), the new structure is being implemented. There have been a limited number of redundancies, most of which have been voluntary. The service is now shared with Cherwell District Council and there are a number of vacancies and development opportunities for staff in the newly designed function.
- Colleagues from the Health Sector have been involved in the work being undertaken on the Provision Cycle (including commissioning, procurement, and contract management). The proposed new service design is focussed on developing the right expertise at the centre then being used to support good practice in hubs across all directorates within the Council. The aim is to deliver this in collaboration with partners.
- There is a development plan focussed on effective contract management, procurement and working with partners to get the best value outcomes for residents and communities.
- Staff get regular bulletins from the Chief Executive on change and confidentiality is respected in regard to all Human Resources matters.

Councillor Liz Brighthouse expressed concern about the capacity of the Performance Scrutiny Committee to deal with all of the business that it needs to do. She emphasised the need for officer support. She would like to see the committee devoting more time to policy development.

Councillor Glynis Phillips noted that many Council contracts are with voluntary organisations and then there are other specific funds available, for example, the Youth Opportunities Fund. She asked that more contracts should mesh with Council objectives to ensure they are closer to the community.

The Chairman suggested holding an all-Member briefing – possibly at the end of the financial year – to update them on the change agenda and projects underway.

5/20 ICT STRATEGY

(Agenda Item. 6)

Claire Taylor introduced the new Director Digital and ICT, Tim Spiers. He has been a professional IT consultant working with public sector organisations and local authorities for 16 years, and prior to that worked in the private sector.

Tim Spiers gave an update on the ICT Strategy by means of a presentation included in the Agenda Pack.

Members raised various questions and Officers responded as follows:

- The Council is increasing its use of the Cloud – for example, there were two data centres, one of which has now moved to the Cloud. Not all business applications are ready to move and as such the strategy is ‘Cloud first’, not ‘Cloud only’.
- In using the Cloud, the Council has the potential to save money, reduce carbon emissions and benefit from the greater resilience.
- One of the commitments is to be secure and aligned enough for working with the NHS and health partners. So focussing on aligning cyber security remains important.
- The ICT Strategy is about getting the basics right, a high quality and reliable ICT infrastructure. The Digital Framework is about ensuring that service users, customers and local residents can access services using systems that work for all, including online transactions. The Local Digital Declaration involves an aspiration to have shared digital design principles for local public services.
- In relation to cyber security, success requires both a secure infrastructure, (for which work is on-going) and the bigger risk is the human factor which involves educating and supporting people to be secure online.
- This ICT work is aligned with what’s happening in Cherwell District Council.

Councillor Liz Leffman asked for project milestones to be provided to aid Members in monitoring progress.

Yvonne Rees asked Members to let officers know immediately about any issues arising or challenges relating to change – and not to wait until the next meeting.

The Chairman noted that great progress has been made with ICT systems and thanked officers for very thorough reports.

6/20 WORK PROGRAMME

(Agenda Item. 7)

The Chairman of the Performance Scrutiny Committee and the Chairman of the Audit & Government Committee will meet with officers to recommend how change issues are dealt with going forward.

..... in the Chair

Date of signing

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AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME – 2020/21

18 March 2020

Ernst & Young – Progress Report inc. Audit Plan (Janet Dawson)
Scale of Election Fees and Expenditure (Glenn Watson)
Audit & Governance Committee Annual Report to Council 2019 (The Chairman)
Progress update on Annual Governance Statement Actions (Glenn Watson)
Counter-fraud Update (Sarah Cox and Tessa Clayton)

29 April 2020

Annual Governance Statement (Glenn Watson)
Annual Report of the Chief Internal Auditor 2019/20 (Sarah Cox)
Internal Audit Strategy & Annual Plan 2020/21 (Sarah Cox)
Annual Scrutiny Report (Katie Read)
Ernst & Young - Progress Report (Janet Dawson)
Draft narrative statement and Accounting Policies for inclusion in the Statement of Accounts (Hannah Doney)

22 July 2020

Statement of Accounts 2019/20 (Hannah Doney)
Ernst & Young – Final Accounts Audit Progress (Janet Dawson)
Treasury Management Outturn 2019/20 (Donna Ross)
OFRS Statement of Assurance 2019-20 (Paul Bremble)
Internal Audit Charter (Sarah Cox)
Counter-fraud Plan 2020/21 (Sarah Cox)

16 September 2020

Local Government Ombudsman's Review of Oxfordshire Co Co (Nick Graham)
Internal Audit Plan – Progress Report (Sarah Cox)
Surveillance Commissioner's Inspection and Regulation of Investigatory Powers Act (Richard Webb)
Monitoring Officer Annual Report (Nick Graham)
Ernst & Young – 2019/20 Annual Audit Letter (Janet Dawson)

11 November 2020

Treasury Management Mid Term Review (Donna Ross)
Counter-fraud Update (Sarah Cox)

13 January 2021

Treasury Management Strategy Statement and Annual Investment Strategy for 2021/22 (Donna Ross)
Internal Audit Plan – Progress Report (Sarah Cox)

Standing Items:

- Draft Minutes of the Transformation Sub-Committee for info
- Audit Working Group reports (Sarah Cox)
- Audit & Governance Committee Work Programme – update/review (Committee Officer/Chairman/relevant officers)

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