



To: Members of the Audit & Governance Committee

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

Wednesday, 27 May 2020 at 1.00 pm

Virtual Meeting

Please note that due to guidelines imposed on social distancing by the Government the meeting will be held virtually.

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

A handwritten signature in cursive script, appearing to read 'Yvonne Rees'.

Yvonne Rees
Chief Executive

May 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 held virtually on Thursday 21 May 2020 at 9.30 a.m. for the Chairman, Deputy Chairman and Opposition Group Spokesman.***
- ***Date of next meeting: 22 July 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

This Cabinet meeting will be held virtually in order to conform with current guidelines regarding social distancing. Normally requests to speak at this public meeting are required by 9.00 a.m. on the day preceding the published date of the meeting. However, during the current situation and to facilitate these new arrangements we are asking that requests to speak are submitted by no later than 9.00 a.m. four working days before the meeting i.e. 9.00 a.m. on 21 May 2020. Requests to speak should be sent to lucy.tyrrell@oxfordshire.gov.uk together with a written statement of your presentation to ensure that if the technology fails then your views can still be taken into account. A written copy of your statement can be provided no later than 9.00 a.m. 2 working days before the meeting.

Where a meeting is held virtually and the addressee is unable to participate virtually their written submission will be accepted.

Written submissions should be no longer than 1 A4 sheet.

5. Steve Jordan, Corporate Director, Commercial Development, Assets and Investment - Introduction to Committee and overview of role

1.10 p.m.

6. Statement of Accounts 2019/20 Update (Pages 5 - 26)

1.20 p.m.

Report by Director of Finance.

As the body identified as 'Those Charged with Governance' within the Council, The Audit and Governance Committee is responsible for signing the Statement of Accounts at the meeting of the committee in July.

This report sets out the revised timetable for the publication of the 2019/20 Statement

of Accounts following the publication of revised legislation and guidance in response to the COVID-19 pandemic.

Members of the Committee are asked to ratify the Council's Significant Accounting Policies for 2019/20, as selected and approved by the Director of Finance. The CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom defines Accounting Policies as 'the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements'. The accounting policies describe how the Council has interpreted and applied the code and form the basis of the preparation of the accounts.

The report also sets out the approach to the Narrative Report for inclusion in the 2019/20 Statement of Accounts, including the content of the Narrative Report and the approval process before the draft Statement of Accounts is published for Public Inspection on 8 June 2020.

The Audit and Governance Committee is RECOMMENDED to:

- a) **note the revised timetable for the publication of the 2019/20 Unaudited Statement of Accounts and period of public inspection**
- b) **ratify the accounting policies as approved by the Chief Finance Officer and included as an appendix to this report**
- c) **note the content and timetable for the 2019/20 narrative report**

7. External Auditors

1.40 p.m.

Representatives from the external auditors Ernst & Young will attend to update the Committee.

8. Annual Report of the Chief Internal Auditor 2019/20 (Pages 27 - 54)

2.00 p.m.

Report by the Chief Internal Auditor.

This is the annual report of the Chief Internal Auditor, summarising the outcome of the Internal Audit work in 2019/20, and providing an opinion on the Council's System of Internal Control. The opinion is one of the sources of assurance for the Annual Governance Statement.

The committee is RECOMMENDED to consider and endorse this annual report.

9. Q1 Internal Audit Strategy & Annual Plan 2020/21 (Pages 55 - 64)

2.20 p.m.

Report by Director of Finance.

This report presents the Internal Audit Strategy and Quarter 1 Internal Audit Plan for 2020/21.

The Committee is RECOMMENDED to comment and note the Internal Audit Strategy for 2020/21 and Internal Audit Plan for quarter 1.

10. Progress update on Annual Governance Statement Actions (Pages 65 - 70)

2.30 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.

11. Scale of Election Fees and Expenditure (Pages 71 - 80)

2.40 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 approved 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.

12. Audit & Governance Committee Annual Report to Council 2019 (Pages 81 - 98)

2.45 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.

13. The Future of the Joint Audit & Governance and Performance Scrutiny (Transformation) Sub-Committee (Pages 99 - 108)

2.55 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.

14. Work Programme (Pages 109 - 110)

3.00 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

5

7

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

Division(s):

AUDIT AND GOVERNANCE COMMITTEE – 27 MAY 2020

STATEMENT OF ACCOUNTS 2019/20 UPDATE

Report by Director of Finance

RECOMMENDATION

1. **The Audit and Governance Committee is RECOMMENDED to:**
 - (a) **note the revised timetable for the publication of the 2019/20 Unaudited Statement of Accounts and period of public inspection**
 - (b) **ratify the accounting policies as approved by the Chief Finance Officer and included as an appendix to this report**
 - (c) **note the content and timetable for the 2019/20 narrative report**

Executive Summary

2. This report sets out the revised timetable for the 2019/20 Statement of Accounts following the amendment to the Accounts and Audit Regulations 2015 by the Accounts and Audit (Coronavirus) Amendments Regulations 2020 which extends the statutory deadline for the audit of the accounts from 31 July to 30 November 2020.
3. This report also sets out the Council's approach to two key elements of the Statement of Accounts:
 - (a) Significant Accounting Policies which describe how the Council has interpreted and applied the code and form the basis of preparation of the accounts
 - (b) The Narrative Statement which is the Council's opportunity to 'tell the story' about the Council's aims, objectives and outcomes, linked to the financial performance as set in the main financial statements.

Revised Timetable for 2019/20 Statement of Accounts

4. The timetable for the publication of the unaudited and audited statement of accounts is set out in the Accounts and Audit Regulations 2015. These regulations require local authorities to complete and publish unaudited accounts by 31 May and publish audited accounts by 31 July.
5. The Ministry of Housing, Communities and Local Government (MHCLG) has recognised the additional pressure placed on local authorities as a result of managing the impact of the COVID-19 pandemic and has put in place the Accounts and Audit (Coronavirus) Amendments Regulations 2020 which extend

the statutory audit deadline for 2019/20 for all local authorities from 31 July to 30 November 2020.

6. To give local authorities further flexibility, the requirement for the common public inspection period to include the first 10 working days of June has also been removed. Instead, local authorities must commence the public inspection period on or before the first working day of September 2020. The 30-working day period remains.
7. Authorities must publish the dates of their public inspection period. Following guidance from the MHCLG, a public notice has been added to '[Annual accounts and audit](#)' page on the Council's website detailing the proposed period of public inspection, explaining when the public inspection period would usually commence, and explaining why we are departing from normal practice for 2020.

Proposed timeline

8. The preparation of the accounts has been able to continue broadly as planned. It is therefore proposed that the unaudited accounts will be signed by the Director of Finance on or before 8 June 2020 and published on the Council's website. Upon publication, a link will be sent to members of the Audit & Governance Committee.
9. Following this, the public inspection period for the Council's statement of accounts will commence on 8 June and will conclude on 20 July 2020.
10. This timetable enables the external auditors to begin work on the main audit on 1 June as originally planned. It is also anticipated that the Statement of Accounts can be signed by the Chairman of the Audit and Governance Committee at the meeting on 22 July as planned or that sufficient progress will have been made to enable the Committee to delegate authority to the Chairman to do so at a later date.

Significant Accounting Policies

11. The Council's Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) 2019/20 Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Council is required to adopt accounting policies which describe how the Council has interpreted and applied the Code.
12. The Code defines Accounting Policies as 'the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.'
13. The significant accounting policies adopted by the Council are disclosed within three notes to the Core Financial Statements in the Statement of Accounts:

- Note 1. Summary of Significant Accounting Policies
 - Note 2. Critical judgements in applying accounting policies
 - Note 3. Assumptions made about the future and other major sources of estimation uncertainty
14. The Code prescribes that ‘authorities shall apply the objective, underlying assumption and qualitative characteristics of useful financial information, in the selection and application of accounting policies and estimation techniques.’
15. The Code provides a detailed framework within which accounting policies must be set:
- When the Code specifically applies to a transaction, other event or condition, the accounting policy or policies applied to that item shall be determined by applying the Code. Those policies need not be applied when the effect of applying them is immaterial.
 - Where the Code does not specifically apply to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is:
 - a) relevant to the decision-making needs of users, and
 - b) reliable, in that the financial statements:
 - i) represent faithfully the financial position, financial performance and cash flows of the authority
 - ii) reflect the economic substance of transactions, other events and conditions and not merely the legal form
 - iii) are neutral, i.e. free from bias
 - iv) are prudent, and
 - v) are complete in all material respects.
 - In making the judgement management shall refer to, and consider the applicability of, the Code requirements dealing with similar and related issues. Management may also consider the most recent pronouncements of standard-setting bodies and accepted public or private sector practices to the extent, but only to the extent, that these do not conflict with the requirements of the Code.
 - An authority shall select and apply its accounting policies consistently for similar transactions, other events and conditions, unless the Code specifically requires or permits different treatment.
 - An authority shall change an accounting policy only if the change is required by the Code or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events and conditions on the authority’s financial position, financial performance or cash flows.
 - Where an authority changes an accounting policy, it shall apply the changes retrospectively unless the Code specifies transitional provisions that shall be

followed. A change in accounting policy shall be applied retrospectively by adjusting the opening balance of each affected component of net worth for the earliest period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied, except to the extent that it is impracticable to do so.

Approval of Accounting Policies

16. The code states that the Chief Finance Officer is responsible for selecting 'suitable' accounting policies and ensuring that they are applied consistently in the preparation of the statement of accounts. The 2019/20 accounting policies have been approved by the Chief Finance Officer and are included at **Annex 1**. All significant accounting policies have been selected with reference to the Code.
17. The Council's auditors will review the adopted accounting policies as part of the audit of the statement of accounts. There is also an expectation that the auditors will be able to evidence that the accounting policies have been approved by the Audit and Governance Committee in its capacity as 'Those Charged with Governance'. The Audit and Governance Committee is therefore asked to ratify the accounting policies as set out in Annex 1.

Changes to Accounting Policies for 2019/20

18. There have been no material changes to the accounting policies for 2019/20. Minor changes have been made to Note 3. Assumptions made about the future and other major sources of estimation uncertainty to reflect the approach taken to the actuarial valuation of the pension liability.

Narrative Statement

19. The narrative statement opens the Statement of Accounts and is the Council's opportunity to 'tell the story' and illuminate the financial performance, as set out in the main financial statements, by including performance information.
20. The 2019/20 narrative statement will include performance information as set out in the March Business Management and Monitoring Report to 31 March 2020. This report was considered by Cabinet on 26 May 2020.
21. In addition, CIPFA has issued guidance to local authorities setting out issues that local authorities may wish to consider including in the narrative report as a result of the COVID-19 pandemic. This includes the impact on the provision of services, the council's workforce, supply chain, financial performance and position, cashflow management, major risks to the authority and plans for recovery.
22. The full narrative statement will be circulated by email to members of the Audit Governance Committee following the meeting on 27 May. Members are asked to comment by 3 June to enable publication of the draft Statement of Accounts for public inspection on 8 June 2020.

LORNA BAXTER
Director of Finance

Background papers: None

Contact Officer: Hannah Doney, Head of Corporate Finance (Deputy Section 151)
07584174654

May 2020

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Note 1. Summary of significant accounting policies

Note 2. Critical judgements in applying accounting policies

Note 3. Assumptions made about the future and other major sources of estimation uncertainty

1. Summary of Significant Accounting Policies

General

The Statement of Accounts summarises the County Council's transactions for the 2019/20 financial year and its position at the year-end 31 March 2020. It has been compiled in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19* (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Except where specifically stated otherwise, the Statement of Accounts is prepared on a historic cost basis, modified by the revaluation of certain categories of assets and financial instruments. The accounts have been prepared on a going concern basis, that is, the accounts have been prepared on the assumption that the functions of the County Council will continue in operational existence for the foreseeable future.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when the cash payments are made or received.

Where income and expenditure has been recognised, but the cash has not been received or paid, a debtor or creditor for the relevant amount is recognised in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is reduced and a charge is made to revenue for the income that might not be recoverable.

Government Grants and Contributions

Government grants and third party contributions are accounted for on an accrual basis and are recognised in the Statement of Accounts when there is reasonable assurance that the County Council will comply with the conditions attached to their payment and that the grants or contributions will be received.

Grants and contributions relating to capital and revenue expenditure are recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the County Council has not satisfied. Conditions are

stipulations that require the grant or contribution to be returned to the provider if the terms of the grant or contribution are not met.

Monies advanced as grants or contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (capital monies within Capital Grants Receipts in Advance). When conditions are satisfied, the grant or contribution is credited to the relevant directorate line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income line (un-ringfenced revenue grants and all capital grants and contributions) in the Comprehensive Income and Expenditure Statement.

Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement are reversed out of the County Fund Balance in the Movement in Reserves Statement - where the grant/contribution has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve; where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with any conditions that would require repayment of the grant or contribution if not met, and the grants and contributions will be received.

Grants and contributions are credited to the Comprehensive Income and Expenditure Statement when recognised as due to the Council (i.e. specific revenue grants and contributions are credited to the relevant service line in the Cost of Services, and capital grants and contributions and non ring-fenced grants are credited to Taxation and Non Specific Grant Income and Expenditure).

Where specific revenue grants and contributions are credited to the Comprehensive Income and Expenditure Statement, but the associated expenditure has not yet been incurred, the grant is set aside in an Earmarked

Revenue Reserve so that it can be matched with the expenditure in a subsequent year.

Capital grants and contributions are reversed out of the General Fund Balance in the Movement in Reserves Statement and are transferred to the Capital Adjustment Account (if the grant eligible expenditure has been incurred); or to the Capital Grants Unapplied Account.

Revenue grants and contributions that have been credited to the relevant directorate line in the Comprehensive Income and Expenditure Statement that remain unapplied as at the Balance Sheet Date and are required to meet committed expenditure in future years are transferred to an earmarked reserve through the Movement in Reserves Statement.

Council tax and business rates income

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement (CIES) for the year is the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the County Fund is taken to the Collection Fund Adjustment Account and included as an adjusting item in the Movement in Reserves Statement.

The district councils in Oxfordshire are acting as agents of the County Council in collecting council tax and business rates. The cash collected from council tax payers and business rates payers belongs proportionately to the district councils and the major preceptors. There is therefore a debtor/creditor position between each district council and the County Council to recognise that the net cash paid to the County Council in the year is not the same as its share of cash collected. The County Council recognises its share of council tax and business rates debtor and creditor balances, impairment allowances for doubtful debts and provisions for losses on appeal in its Balance Sheet. The Cash Flow Statement of the County Council includes the net council tax and business rates cash received from the Collection Fund in the year.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are recognised as an expense in the year in which employees render service to the Council.

Termination Benefits

Termination benefits are charged, on an accruals basis, to the relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Post-Employment Benefits

The County Council participates in four pension schemes:

- The Local Government Pension Scheme;
- The Fire-fighters' Pension Scheme;
- The Teachers' Pension Scheme; and
- The NHS Pension Scheme.

These schemes provide defined benefits to members. However, the arrangements for the teachers' pension scheme and the NHS pension scheme mean that liabilities for these benefits cannot be identified to the County Council. These schemes are therefore accounted for as if they are defined contributions schemes – no liability for future payment of benefits is recognised in the Balance Sheet and the relevant service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable in the year.

The County Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award are accounted for on the same basis as defined benefit schemes.

For the schemes treated as defined benefit schemes the Cost of Services includes:

- Current service cost – the increase in the present value of a scheme's liabilities resulting from employee service in the current period. This is included in the relevant directorate line within the Cost of Services.

- Past service cost – the increase in the present value of the scheme liabilities for employee service in prior periods, resulting from a scheme amendment or curtailment. This is included in Other Corporate Costs within the Cost of Services.
- Gain/loss on settlement – changes in liabilities relating to actions that relieve the County Council of primary responsibility for a pension obligation. This is included in Other Corporate Costs within the Cost of Services.

The net interest on the defined benefit liability (asset) – the change during the period in the net defined benefit liability (asset) that arises from the passage of time - is included in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. Remeasurements comprising actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuary has updated their assumptions – and the return on scheme assets, excluding amounts included in net interest on the net defined liability (asset), are recognised in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement.

Scheme assets attributable to the County Council are measured at fair value as at the Balance Sheet date. Scheme liabilities attributable to the County Council are measured on an actuarial basis using the projected unit method. The net pensions liability is recognised in the Balance Sheet.

The amount chargeable to the County Fund for providing pensions for employees is the amount payable for the year in accordance with the statutory requirements governing each particular pension scheme. Where this amount does not match the amount charged to the Surplus or Deficit on the Provision of Services for the year the difference is taken to the Pensions Reserve via the Movement in Reserves Statement.

Fire-fighters injury awards are disability benefits paid by the County Council that do not form part of the fire-fighters pension scheme. However, the measurement of these long-term benefits is subject to the same degree of uncertainty as the measurement of fire-fighters post-employment benefits

and therefore they are accounted for in the same way as fire-fighters post-employment benefits.

Property, Plant and Equipment

Assets that have a physical substance and are held for use in the production or supply of goods or services, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. These include operational land and buildings, vehicles, plant and equipment, surplus assets, assets under construction and infrastructure.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that future economic benefits or service potential associated with the item will flow to the County Council and the cost of the item can be measured reliably. This excludes expenditure on routine repairs and maintenance, which is charged directly to service revenue accounts as an expense when incurred.

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (this only applies when the County Council has an obligation to carry out such activities when the item is acquired, constructed or installed)

The County Council does not capitalise borrowing costs incurred whilst assets are under construction.

Property, Plant and Equipment is subsequently carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historic cost

- Other Property, Plant and Equipment assets (excluding surplus assets) – current value, determined as the amount that would be paid for the asset in its existing use
- Surplus assets – fair value (at highest and best use), determined as the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historic cost basis is used as a proxy for current value.

A *de minimis* level of £20,000 is applied for land and buildings and £15,000 for vehicles and plant, other than for schools local capital spend where a *de minimis* of £2,000 is applied.

Revaluations of property assets are undertaken on a three-year rolling programme as shown below. Material changes to asset valuations are adjusted in the interim periods.

		Date of Last Revaluation	Date of Next Revaluation
Year 1	Secondary and Special Schools, Other Educational Premises (Children’s, Youth and Sports Centres), Surplus Assets and properties not re-valued.	2018/19	2021/22
Year 2	Primary, Nursery, Junior and Infant Schools	2015/16	2019/20
Year 3	Social Care Premises, Libraries, Museums and Adult Learning, Fire & Rescue Service Premises, Community Safety, Staff	2017/18	2020/21

	Housing, Central Offices and Highways Depot		
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Investment properties valuations are reviewed annually. Assets held for sale are revalued at the point of reclassification to that category.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a directorate.

Decreases in valuations are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant directorate in the Comprehensive Income and Expenditure Statement

Assets are assessed each year as to whether there is an indication of impairment. Where indications exist and the recoverable amount of the asset is materially lower than the carrying amount, an impairment loss is recognised for the shortfall. Where impairment losses are identified they are accounted for in the same way as decreases in valuations.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant directorate, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation of Property, Plant and Equipment

Depreciation is provided for on all Property, Plant and Equipment with a finite life, which is determined at acquisition or revaluation. Assets in the course of construction are not depreciated until they are brought into use.

Depreciation is an estimation technique that is calculated using the straight-line method with the following asset lives:

- Buildings: 60 years (or less if specified by the valuer)
- Vehicles, plant and equipment: between 5 and 30 years
- IT equipment and infrastructure: between 3 and 5 years
- Infrastructure (roads and bridges): 35 years

Land is determined to have an infinite life and is not depreciated.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Charges to Revenue for Property, Plant and Equipment

Services, support services and trading accounts are charged with a capital charge for all Property, Plant and Equipment used in the provision of services. The charge covers the annual provision for depreciation and revaluation and impairment losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The County Council is not required to raise council tax to fund depreciation or revaluation/impairment losses. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (referred to as Minimum Revenue Provision (MRP)). Depreciation and revaluation/impairment losses are therefore replaced by the MRP contribution in the County Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. To be classified as an Asset Held for Sale the asset must meet the following criteria:

- Available for immediate sale in its present condition
- The sale must be highly probable
- Actively marketed at a reasonable sale price
- The sale should be expected to be completed within 1 year

Assets Held for Sale are measured at the lower of their carrying value and fair value less costs to sell at initial reclassification. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Decreases in fair value less costs to sell are recognised in Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Property, Plant and Equipment and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation or revaluations that would have been recognised had they not been classified as Held for Sale) and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Receipts from the disposal of assets in excess of £10,000 are categorised as capital receipts. Capital receipts are appropriated to the Capital Receipts Unapplied reserve from the County Fund Balance in the Movement in Reserves Statement.

The written off value of assets disposed of is appropriated to the Capital Adjustment Account from the County Fund Balance in the Movement in Reserves Statement so that there is no charge against the Council Tax.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost and subsequently at fair value (at highest and best use), being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Investment properties are not depreciated and are revalued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Gains and losses on disposal are posted to Other Operating Expenditure. The gains and losses are reversed out of the County Fund Balance to the Capital Adjustment Account (or Capital Receipts Unapplied for disposal receipts over £10,000) in the Movement in Reserves Statement so that they do not impact on Council Tax.

Revenue Expenditure Funded from Capital Under Statute

Capital expenditure on non-current assets not owned by the County Council and grants given by the County Council for capital purposes are charged to the relevant directorate in the Comprehensive Income and Expenditure Statement. In accordance with statutory provisions this expenditure is transferred from the County Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement, such that there is no impact on council tax.

Private Finance Initiative (PFI) and similar contracts (service concession arrangements)

PFI type contracts involve a private sector entity (the operator) constructing or enhancing property used in the provision of a public service, and operating and maintaining that property for a specified period of time. The operator is paid for its services over the period of the arrangement. Where the County Council controls or regulates the services provided by the operator and controls the residual interest in the property at the end of the term of the arrangement the contract meets the tests for accounting as a service concession arrangement.

Properties used in service concession arrangements are recognised as Property, Plant and Equipment of the County Council. The original recognition of the assets at fair value (based on the cost to purchase the assets) is matched by the recognition of liabilities for amounts due to the operators to pay for the assets and deferred income where the operator part funds the assets from income from third parties. Once recognised on the Balance Sheet these assets are revalued and depreciated in the same way as other Property, Plant and Equipment owned by the County Council.

The amounts payable to the service concession arrangement operators each year are analysed into five elements:

- The value of services received during the year – charged to the relevant directorate in the Comprehensive Income and Expenditure Statement
- Finance costs – an interest charge on the outstanding finance liability – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payments towards the finance liability – applied to write down the Balance Sheet liability towards the operator
- Contingent rents – inflationary increases in the amounts to be paid for the property arising during the contract – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Note for the County Council's current service concession arrangement there is no inflation applied to the elements of the contract payments relating to the property build costs and therefore no contingent rents.

- Lifecycle replacement costs – recognised as a capital prepayment in the Balance Sheet and transferred to Property, Plant and Equipment when capital works are undertaken.

Deferred income is released to the relevant directorate in the Comprehensive Income and Expenditure Statement on a straight line basis over the service concession period.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a property lease covers both land and buildings, the land and buildings elements are considered separately for lease classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Where the County Council is the lessee, property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. The lease payments are apportioned between a charge for the acquisition of the interest in the asset – applied to writing down the liability, and a finance charge – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Once recognised on the Balance Sheet, assets recognised under finance leases are accounted for in the same way as other Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Rentals paid by the Council under operating leases are charged to the relevant directorate in the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease period except where the contractual payment terms are considered to be a more systematic and appropriate basis.

Where the County Council leases an asset to others under a finance lease, the asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the County Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, matched by a long-term debtor in the Balance Sheet. Finance lease rentals receivable are apportioned between a charge for the acquisition of the interest in the property – applied to write down the long-term debtor (together with any premiums received), and finance income credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is required under statute to be treated as a capital receipt. Where a premium has been received, this is posted out of the County Fund Balance to the Capital Receipts Unapplied reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future years, this is posted out of the County Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the long-term debtor and the deferred capital receipts are transferred to the Capital Receipts Unapplied reserve. The written-off carrying amount of the asset on disposal is appropriated to the Capital Adjustment Account from the County Fund Balance in the Movement in Reserves Statement so that there is no impact on Council Tax.

Where the County Council leases an asset to others under an operating lease, the asset is retained on the Balance Sheet. Rental income is credited to the relevant directorate in the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease period (including any premiums received at the commencement of the lease).

Cash and Cash Equivalents

Cash is represented by cash in hand and bank deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The County Council treats the following as cash equivalents:

- Instant Access Call Accounts
- Instant Access Short Term Funds
- Deposits with one working day to maturity from date of deposit

Financial Assets

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial assets are classified into three types:

- Amortised cost – assets that have fixed or determinable payments but are not quoted in an active market
- Financial assets at fair value through Other Comprehensive Income – assets that have a quoted market price and/or do not have fixed or determinable payments
- Financial assets at fair value through profit or loss – assets that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking

Amortised cost are initially measured at fair value and carried in the Balance Sheet at their amortised cost. Credits to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement for external interest receivable are based on the carrying amount of the asset, multiplied by the effective interest rate for the instrument. For the majority of the County Council's investments, the effective interest rate is the same as the actual interest receivable in accordance with the loan agreement. Short duration receivables with no stated interest rates (e.g. debtors) are measured at original invoice amount.

The Council recognises expected credit losses on all of its financial assets held at amortised cost.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis.

Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The expected credit loss model also applies to lease receivables. Lifetime losses are recognised for trade receivables (debtors) held by the Council.

The County Council has made a number of loans to clients and other organisations at less than market interest rates or zero rate (referred to in the Code as soft loans). For the County Council there are no material differences between the fair value and the nominal value of such loans and no adjustments are made on initial recognition of these loans.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the carrying value of the asset is reduced through the use of an allowance account and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses arising on the derecognition of assets are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial assets at fair value through Other Comprehensive Income are initially measured and carried in the Balance Sheet at fair value. Where the asset has fixed or determinable payments, credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective interest rate for the instrument. Where there are no fixed or determinable payments, income is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable.

Assets are maintained in the Balance Sheet at fair value. Values are based on

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Instruments with quoted market prices – the market price

Other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the County Council can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset

Changes in fair value are balanced by an entry in the Financial Instruments Revaluation Reserve and the gain/loss recognised in Other Comprehensive Income and Expenditure (except for impairment losses).

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down through the use of an allowance account and a charge

made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses arising on the derecognition of assets are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses recognised in the Financial Instruments Revaluation Reserve.

Financial assets at fair value through profit or loss are initially measured and carried in the Balance Sheet at fair value. Movements in fair value are balanced by posting gains and losses to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as they arise. Any residual gains and losses arising on derecognition are also credited/debited to the Comprehensive Income and Expenditure Statement. The basis of fair value and the inputs to the measurement techniques is the same as for Financial assets at fair value through Other Comprehensive Income.

The carrying amounts of individual financial assets are separated into their current (short-term) and non-current (long-term) elements for presentation within the Balance Sheet.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially measured at fair value and are carried at their amortised cost.

Interest is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the liabilities, multiplied by the effective rate of interest for the instruments. This means that:

- The amount included in the Balance Sheet is the outstanding principal repayable, plus accrued interest; and

- Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Debt Redemption

The County Council complies with legislation to charge a Minimum Revenue Provision (MRP) to the County Fund revenue account for the repayment of debt by making a straight-line charge of the outstanding pre-2008 capital expenditure as at 1 April 2017 calculated over a 50-year period and making provision for repayment of prudential borrowing in equal instalments over the estimated life of the asset for which the borrowing is undertaken. In addition, the provision for repayment of debt includes an amount equal to the amount that is taken to the Balance Sheet to reduce the liabilities in respect of PFI and similar contracts and for the prepayment of lifecycle costs relating to these contracts, and an amount equal to the amount that is taken to the Balance Sheet to reduce liabilities in respect of finance leases.

Provisions

Provisions are made where the County Council has a present obligation (legal or constructive) as a result of a past event that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed annually and are adjusted to reflect the current best estimate against the appropriate directorate in the Comprehensive Income and Expenditure Statement. When payments are eventually made they are charged directly to the provision.

Insurance

The County Council has a policy of self-insurance of claims across its main insurance categories. In accordance with the Code the insurance provision is set aside to cover insurance claims actually received and awaiting resolution that have been advised to the County Council and which it has

been decided to be insured internally rather than externally. Subject to identified contingent liabilities there are no significant unfunded risks.

Contingent liabilities and contingent assets

The County Council discloses contingent liabilities in the notes to the accounts. Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed by one or more uncertain events occurring in the future and are not wholly under the County Council's control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that there will be a transfer of economic benefits or where the obligation cannot be measured with sufficient reliability.

Financial guarantee contracts come under the definition of financial instruments and are initially recognised in the accounts at fair value. This only applies to guarantees entered into after 1 April 2006. Any entered into before that date continue to be recognised as contingent liabilities. If payment under the guarantee becomes probable the liability would be determined in accordance with the requirement for provisions.

The County Council discloses contingent assets in the notes to the accounts. Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the County Council.

Reserves

A reserve, whether capital or revenue, results from events that have allowed monies to be set aside, surpluses, or decisions causing anticipated expenditure to have been postponed or cancelled. These can be spent or earmarked at the discretion of the County Council. Earmarked revenue reserves can be used to set aside available monies for major anticipated capital schemes, for projects or service arrangements that the County Council may wish to carry out, business unit surpluses, service efficiency savings and contingent liabilities where a provision is not required.

Reserves are established and used for different reasons. These include:

- Usable reserves - reserves that can be used at the County Council's discretion to fund either revenue or capital spend
- Unusable reserves - reserves relating to unrealised gains, such as the Revaluation Reserve, that are not "cash backed" and cannot be used to fund future capital or revenue spending and reserves relating to differences between accounting policy and statutory requirements, such as the Capital Adjustment Account.

Earmarked reserves are created by appropriating amounts from the County Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the appropriate directorate. The reserve is then appropriated back into the County Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Group Accounts

The County Council is required to prepare group accounts where it has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality. For 2019/20 the County Council did not have any such interests that are considered material and therefore prepared these accounts only as a single entity rather than as group accounts.

The County Council participates in a number of joint operations (e.g. pooled budget arrangements with the health sector and Oxfordshire Local Enterprise Partnership). The County Council accounts directly (in its single entity accounts) for its part of the assets, liabilities, income, expenditure and cash flows held within or arising from such an arrangement.

There are a number of circumstances where the County Council exercises limited influence and these are disclosed as related parties. Under these circumstances, transactions with these bodies are charged against the appropriate service in the Comprehensive Income and Expenditure Statement, and balances owed by them or to them are included in debtors and creditors.

Schools

Under the Code, local authority maintained schools are considered to be separate entities with the balance of control lying with the Council. The Code requires that the income, expenditure, assets and liabilities of maintained schools be accounted for in the single entity accounts of the Council rather than requiring consolidation in the Group Accounts.

In accordance with the Education Reform Act 1988, the scheme of Local Management of Schools provides for the carry forward of individual school surpluses and deficits. These are held as usable earmarked reserves and are committed to be spent on schools.

Taxation

The County Council is exempt from income tax, corporation tax and from capital gains tax.

Value Added Tax is excluded from both revenue and capital in terms of both income and expenditure except where the County Council is not able to recover VAT on expenditure.

The County Council incurs landfill tax, which is charged on a tonnage basis to the County Council by its waste disposal contractors.

In addition, the County Council incurs stamp duty land tax on the acquisition of property freeholds and leaseholds, climate change levy on its energy bills and insurance premium tax on its insurance costs. Also, the County Council incurs employer's national insurance contributions based on a percentage of staff salaries.

Where the County Council incurs tax, this cost is charged to directorates in the Comprehensive Income and Expenditure Statement.

Rounding

In preparing the Statement of Accounts all numbers, including totals, have been rounded independently to avoid unacceptable rounding errors. This may mean that some tables do not cross cast.

2. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the County Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The County Council has made an assessment of the balance sheet treatment of schools' non-current assets in accordance with IAS 16 Property, Plant and Equipment and IAS17 Leases. Where assets are owned by the Council and used by maintained schools, the economic benefits and service potential of the asset is considered to be within the control of the Council and therefore the assets are recognised on the Council's balance sheet. Where they are owned by trustees and used by maintained schools (in most cases Voluntary Aided and Voluntary Controlled schools) the Council has assessed that the trustees permit the assets to be used for voluntary education and have not reassigned rights to the assets to the school or governing body. Therefore the assets are not recognised on the Council's balance sheet. In some cases school sites are part owned by the Council and part by trustees. These assets are treated in line with the above. In accordance with the Schools Standards and Framework Act 1998, ownership of playing fields rests with the Council and these are therefore recognised on the Council's balance sheet (subject to de-minimis valuations). The property valuers, Capita, are informed of changes to the ownership of Council assets by the Council's Legal Services department, and any adjustments to the value of assets as a consequence are reflected in the Council's balance sheet.
- School land and buildings that have transferred to academy trusts under 125 year leases (or where the freehold has transferred) have been written out of the County Council's Balance Sheet based on an assessment in accordance with IAS17 Leases and IAS16 Property, Plant and Equipment. Newly constructed School land and buildings that are the subject of short-term lease/license agreements with academy trusts but are

expected to transfer under 125 year leases have also been written out of the County Council's Balance Sheet based on this assessment.

- An assessment under IFRIC 12 Service Concession Arrangements concluded that the County Council controls the residential care services provided under the agreement with Oxfordshire Care Partnership (OCP) and the residual value of all but one of the homes at the end of the agreement. This includes Chilterns Court Care Centre which came into operation during 2016/17. Except for the home where the residual value at the end of the contract rests with OCP, the accounting policies for PFI and similar contracts have been applied to the arrangement and the homes (valued at £x.xxxm as at 31 March 2020) are recognised as Property, Plant and Equipment on the Balance Sheet. A finance liability has been recognised on the Balance Sheet for the amounts due to be paid under the contract for the new homes built by OCP.
- The County Council is acting as the Accountable Body for the Oxfordshire Local Enterprise Partnership (OxLEP). OxLEP became a company Limited by Guarantee (Not for Profit) in April 2015 (Company Registration Number 09519056). It is a business led organisation that works for all of its stakeholders in business, academia and local authorities. The Board of 18 members is led by a private sector Chairman and Deputy Chairman, supported by the Oxfordshire Growth Board Chairman; a Joint Committee which brings together Local Authority partners in a collective decision-making structure. The Leader of the County Council is a member of the OxLEP Board. The Business representation comes from across all sectors and all sizes of business. It exists to drive the economic growth of Oxfordshire and the creation of Jobs for our communities.
- In accounting for OxLEP it has been assessed that the County Council is acting as the principal in accordance with IAS 18 Revenue and therefore transactions have been included in the County Council's accounts. OxLEP's expenditure is largely funded by government grants for which the County Council is the accountable body and the Council remains exposed to risks such as the repayment of grants in the event of

non-compliance. In addition, the council plans to undertake borrowing in 2019/20 on behalf of OxLEP in advance of receipt of Business Rates in the Enterprise Zone, to deliver planned infrastructure improvements. This generates a requirement to increase the Council's Capital Financing Requirement. This means that the Council is not simply acting as an intermediary by passporting funds to OxLEP and is acting beyond the remit of an agent. The Council received £x.xxxm Local Growth Fund in 2019/20 on behalf of OxLEP, which was applied to capital expenditure during the year. In respect of revenue, the Council received £x.xxxm core funding from MHCLG, £x.xxxm relating to European Regional Development Fund grants from MHCLG, £x.xxxm from the Department for Business, Energy and Industrial Strategy and £x.xxxm from the Department for Education. OxLEP is preparing financial accounts for 2019/20, along with the Letter of Representation, which are expected to be considered by the OxLEP Board on xx June 2020. The Board expects to formally adopt these financial accounts at the company's Annual General Meeting in September 2020.

- Based on an assessment in accordance with IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements, and taking into account materiality, the County Council has concluded that it does not have control or joint control of any other entities and therefore has no associates. There is therefore no requirement to prepare joint financial statements for 2019/20. The County Council is party to some joint operations with other local authorities / health bodies and accounts for these as part of single entity financial statements.
- The County Council has two pooled budgets with the Oxfordshire Clinical Commissioning Group (OCCG) and one with Oxford Health NHS Foundation Trust. These pooled budgets operate to deliver better outcomes for people supported by Adult Social Care within the People Directorate. Based on an assessment in accordance with IFRS 11 Joint Arrangements and IAS 15 Revenue (in relation to principal and agent transactions), the Pooled Budgets are considered to be joint operations.

This means that only expenditure and income attributable to the County Council (and equal to the authority's contribution as set out in Note 8) is included in the Council's accounts.

- The OCCG is the Accountable Body for Oxfordshire's allocation of the Better Care Fund and will be held to account by NHS England for the appropriate use of the resources locally. The Better Care Fund allocation received by OCCG forms part of its contribution to the Better Care Fund Pooled Budget and as such is reported within the OCCG's accounts.
- In accordance with IAS 32 Financial Instruments: Presentation, the County Council determines the short term/long term categorisation of borrowing by reference to the earliest date on which the lender can require payment. The right to increase the interest rate payable without limit, as in a 'Lender Option, Borrower Option' (LOBO) loan, is treated as a right to require repayment. Consequently, LOBOs are classified as short-term where option dates are due within 12 months of the balance sheet date.

3. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the County Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates made.

The items in the County Council's Balance Sheet as at 31 March 2020 for which there is significant risk of material adjustment in the forthcoming year are as follows:

Property, Plant and Equipment

The financial year 2019/20 was year one of a three-year cycle, a total of £xxx.xxxm Property, Plant & Equipment assets were re-valued by Greg Stacy MRICS and Carter Jonas. As at 31 March 2020 the County Council had £xxx.xxxm of operational land and buildings on its Balance Sheet. The Council's Property, Plant and Equipment have been valued on one of the following three bases under IFRS: Fair Value (Existing Use Value (EUV)) – method used to value operational property assets other than specialised property assets. Depreciated Replacement Cost (DRC) - method used to value operational property assets of a specialised nature. Fair Value (Market Value) – method used to value property assets held as investments, surplus or for sale. Due to valuation techniques used a 1% Movement in values since the last valuation date would change the reported value of other land and buildings and surplus assets by £x.xxxm (£6.033m in 2018/19). Buildings are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance of those buildings. Reductions in the budget for repairs and maintenance spending brings into doubt the useful lives assigned to buildings. If the useful life of buildings is reduced, depreciation increases and the carrying amount of the building falls. It is estimated that the annual depreciation charge for buildings would increase by £x.xxxm for every year that useful lives had to be reduced.

Pensions Liability

Estimation of the net liability to pay pensions (£x,xxx.xxxm) as at 31 March 2020) depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase and mortality rates. The assumptions used are set out in the Retirement Benefits Note 18. The County Council uses a firm of actuaries, Hymans Robertson LLP, to provide expert advice about the assumptions to be applied. The discount rate used is based on corporate bond yields that reflect the duration of the employer's liabilities.

The effects on the net pension liability of changes in the discount rate or mortality rates are provided in the sensitivity analysis table in the Retirement

Benefits note. However, the assumptions interact in complex ways. During 2019/20 the County Council's actuaries advised that the net pension liability had decreased by £xx.xxxm as a result of the return on plan assets and increased by £xxx.xxxm attributable to updating of the assumptions relating to pensions liabilities.

Further uncertainty has been created by the Court of Appeal Judgements in the cases of McCloud and Sergeant regarding age discrimination arising from pension scheme transition arrangements. This has an impact on the net pension liability for the LGPS and Fire Fighter Pension Scheme. The actuary has made assumptions regarding the impact and this has been included in the valuation of the County Council's net liability.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. The outcome of the two tribunals have been deemed to provide evidence that a legal obligation has been created under age-discrimination legislation, resulting in a liability. Furthermore the 15 July 2019 written statement by the chief secretary to the treasury that the McCloud and Sargeant judgements would apply to all public service pension schemes has also been deemed to provide evidence that there is a legal obligation. LGPS benefits

accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections.

As details of the remedy for the schemes has not been drafted this creates a lot of uncertainty about the basis for valuing the impact of the Judgements on the pension schemes.

At present, it is clear that all members of the schemes who fell outside the transitional arrangements for both the LGPS and Fire Fighters Pension Scheme at the relevant transition date will need to have their benefits brought up to the level of members in their scheme who were protected under those arrangements. However, it is unclear about what else will be in scope of the revised schemes. Areas of uncertainty include:

- Transfers within and between schemes and funds;
- Impact on survivor benefits which may have started since the transition date;
- Impact on pension sharing on divorce liabilities since the transition date.

In 2018/19 the actuary made an estimate of the increase in liability through the retrospective increase to members' benefits and this was recognised as an increase in the past service cost for the Fund employers. Changes in the liability arising from changes in assumptions in the 2019/20 accounts have been treated as an actuarial gain/loss within remeasurement of the defined benefit liability (asset) line reported in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement (CIES).

The actuary has rolled forward the assumptions applied for 2018/19 as they do not believe there is any significant new information for 2019/20 to justify further changes and costs to employers.

There is also uncertainty regarding the impact of Guaranteed Minimum Pension (GMP) requirements. This arises where a pension scheme was 'contracted out' of additional state pension arrangements. If the contracted out pensions benefits are less than the pensioner would have received if the contracting out had not applied the pension scheme would be required to increase the pension paid to reach the GMP.

The UK government website states that :

“Defined benefit pensions schemes that were Contracted-out Salary Related (COSR) schemes before contracting-out ended on 6 April 2016 need to provide a Guaranteed Minimum Pension (GMP) to members for contracted-out service between 6 April 1978 and 5 April 1997. The GMP is payable at age 60 for a woman and at age 65 for a man.”

The GMP will be recognised at a 'past service cost'. The actuary has made an assessment for this, and as at 31 March 2020 and has concluded that all GMP increases have already been valued within the liabilities and do not require any further adjustments.

Audit & Governance Committee – 27 May 2020

Annual Report of the Chief Internal Auditor

RECOMMENDATION

1. **The Committee is RECOMMENDED to consider and endorse this annual report.**

Executive Summary

2. This is the annual report of the Chief Internal Auditor, summarising the outcome of the Internal Audit work in 2019/20, and providing an opinion on the Council's System of Internal Control. The opinion is one of the sources of assurance for the Annual Governance Statement.
3. The basis for the opinion is set out in paragraphs 24 – 37, followed by the overall opinion for 2019/20 which is that there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

Background

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

Responsibilities

7. It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

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

Internal Control Environment

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

The Audit Methodology

12. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment against the standards is completed by the Chief Internal Auditor. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This was undertaken by Cipfa in November 2017 and the results were reported to the Audit & Governance Committee in January 2018. This confirmed that the "service is highly regarded within the Council and provides useful assurance on its underlying systems and processes"

13. The Monitoring Officer has conducted a survey of Senior Management on the effectiveness of Internal Audit. The results from this survey were presented to the March 2019 Audit & Governance Committee meeting. The conclusion from the survey was that management find the internal audit service effective in fulfilling its role. The next survey is planned for 2021.
14. The Internal Audit Strategy and Annual Plan for 2019/20 was presented to the May 2019 Audit and Governance Committee. The Committee then received quarterly progress reports from the CIA, including summaries of the audit findings and conclusions. The Audit Working Group also routinely received reports from the Chief Internal Auditor, highlighting emerging issues and for monitoring the implementation of management actions arising from internal audit reports.
15. The Internal Audit Plan, which is subject to continuous review, identified the individual audit assignments. The activity was undertaken using a systematic risk-based approach. Terms of reference were prepared that outlined the objectives and scope for each audit. The work was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence in forming an overall opinion on the adequacy and effectiveness of the internal control framework.
16. Internal Audit reports provide an overall conclusion on the system of internal control using one of the following ratings:
 - GREEN There is a strong system of internal control in place and risks are being effectively managed.
 - AMBER There is generally a good system of internal control in place and the majority of risks are being effectively managed. However, some action is required to improve controls.
 - RED The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.
17. In appendix 1 to this report there is a list of all completed audits for the year showing the overall conclusion at the time the audit report was issued, and the current status of management actions against each audit, (based on information provided by the responsible officers).
18. To provide quality assurance over the audit output, audit assignments are allocated to staff according to their skills and experience. Each auditor has a designated Audit Manager or Chief Internal Auditor to perform quality reviews at four stages of the audit assignment: the terms of reference, file review, draft report and final report stages.

The Audit Team

19. During 2019/20 the Internal Audit Service was delivered by an in-house team, supported with the specialist area of IT audit which is outsourced, and external resources to cover the Senior Auditor vacancies. The team also worked in

collaboration with Trading Standards who provided a member of their team as a seconded part-time resource to support with counter-fraud resource.

20. 2019/20 has been a particularly difficult year with resources. The Senior Auditor recruited in May 2019 did not complete their probation period and there have been quality and performance issues with the external resources brought in to cover some of the senior auditor vacancies.
21. Following several recruitment campaigns during the year, we have successfully recruited two Senior Auditors who started with us in November 2019. We have one remaining Senior Auditor vacancy and also an AAT Apprentice vacancy – recruitment has had to be temporarily suspended due to the Covid-19 pandemic.
22. Throughout the year the Audit and Governance Committee and the Audit Working Group were kept informed of staffing issues and the impact on the delivery of the Plan.
23. It is a requirement to notify the Audit and Governance Committee of any conflicts of interest that may exist in discharging the internal audit activity. There are none to report for 2019/20.

OPINION ON SYSTEM OF INTERNAL CONTROL

Basis of the Audit Opinion

24. The 2019/20 Internal Audit Plan has not been fully completed. Due to the resourcing issues a revised plan was presented to the January 2020 committee, this was on track for completion, however due to the Covid-19 pandemic, some of the work that was due to be completed in March and April has not been finalised. Some reports are still at draft stage awaiting agreement of action plans and some work has need to be deferred. The internal audit team's work arrangements have also been disrupted in the weeks following lockdown and audit resource has been redirected to support Covid-19 finance response work.
25. The plan is intended to be dynamic and flexible to change. 34 audits were undertaken (As at 18 May, 29 audits complete and 5 due to be completed by the end of May 2020). 11 were deferred/removed (7 already reported to January A&G, 4 removed since January A&G) and a further 3 were cancelled at fieldwork stage due to covid-19 (will be picked up during 20/21). These three were in areas where the audit fieldwork would have been too disruptive to officers who were fully engaged in the emergency response. These are listed in Appendix 1.
26. The completed internal audit activity and the monitoring of audit actions through the action tracker system enable the Chief Internal Auditor (CIA) to provide an objective assessment of whether systems and controls are working properly. In addition to the completed internal audit work, the CIA also uses evidence from other audit activity, including counter-fraud activity, and attendance on working groups e.g. Corporate Governance Assurance Group.

27. In giving an audit opinion, it should be noted that assurance can never be absolute; however, the scope of the audit activity undertaken by the Internal Audit Service is sufficient for reasonable assurance, to be placed on their work.
28. A summary of the work undertaken during the year, forming the basis of the audit opinion on the control environment, is shown in Appendix 1.
29. As at 18/5/20, of the 34 2019/20 audits (33 completed in 2018/19), there are two audits which have been graded as RED; Oxford City Agency Agreement and Children's Controcc Payments. As at 18/5 there were also two audits where the overall grading is still to be confirmed. (In 2018/19, 5 audits graded as Red).
30. The overall opinion for each audit, highlighted in Appendix 1, is the opinion at the time the report was issued. The internal audit reports contain management action plans where areas for improvement have been identified, which the Internal Audit Team monitors the implementation of by obtaining positive assurance on the status of the actions from the officers responsible. The current status of those actions is also highlighted in appendix 1, for each audit. Reports on outstanding actions have been routinely presented to Directorate Leadership Teams, CEDR and the Audit Working Group. The Chief Internal Auditor's opinion set out in below takes into account the implementation of management actions.
31. As part of governance arrangements developed when Oxfordshire County Council joined the Hampshire Partnership in July 2015, it was agreed that the Southern Internal Audit Partnership (SIAP) would provide annual assurance to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out by the partnership, via the Integrated Business Centre (IBC). Due to the onboarding of three new partners, for 2019/20 the assurance arrangements were amended. The Hampshire Partnership/IBC commissioned Ernest and Young (EY) to undertake a Service Organisation Controls review under ISAE 3402. (International Auditing and Assurance Standards Board –which provides a framework for reporting on the design and compliance with control objectives related to financial reporting). In addition to this Partners can separately take a view on any additional risk-based pieces of assurance work that could be commissioned from SIAP covering any core elements of the control environment.
32. In 2018/19 they commissioned an ISAE 3402 Type 1 report covering the design effectiveness of the control environment, and for 2019/20 this was expanded to an ISAE 3402 Type 2 report covering both the design and operating effectiveness of the internal control environment. The Type 2 report has been shared with the Director of Finance and the Chief Internal Auditor. This report provides assurance on the operation and effectiveness of internal controls across; Purchase to Pay, Order to Cash, Cash & Bank, HR & Payroll and IT General Controls. The report concludes that the controls related to the control objectives were suitably designed and operated effectively, with no exceptions noted.
33. The Anti-fraud and corruption strategy remains current and relevant. In 2019/20 the Audit & Governance Committee have been updated on reported instances of potential fraud. Most of these are minor in nature. Work has been undertaken

to address the control weaknesses identified in each area identified to reduce the possibility or reoccurrence. During 2019/20 there was one successful prosecution on a foster carer payment fraud and the perpetrator was sentenced to 2 years in prison (this related to a referral received in 2017/18).

34. Internal Audit continue to manage the National Fraud Initiative data matching exercise which is completed once every two years. Key matches are investigated, and results are reported to the Audit & Governance Committee in the quarterly updates.
35. It should be noted that it is not internal audit's responsibility to operate the system of internal control; that is the responsibility of management. Furthermore, it is management's responsibility to determine whether to accept and implement recommendations made by internal audit or, alternatively, to recognise and accept risks resulting from not taking action. If the latter option is taken by management, the Chief Internal Auditor would bring this to the attention of the Audit and Governance Committee.
36. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.
37. In arriving at our opinion, we have taken into account:
 - The results of all audits undertaken as part of the 2019/20 audit plan;
 - The results of follow up action taken in respect of previous audits;
 - Whether or not any priority 1 actions have not been accepted by management - of which there have been none;
 - The effects of any material changes in the Council's objectives or activities;
 - Whether or not any limitations have been placed on the scope of Internal Audit – of which there have been none.
 - Assurance provided by EY ISAE 3402 Type 2 report, covering both the design and operating effectiveness of the Hampshire Partnership/IBC internal control environment.
 - Corporate Lead Assurance Statements on the key control processes, that are co-ordinated by the Corporate Governance Assurance Group (of which the Chief Internal Auditor is a member of the group), in preparation of the Annual Governance Statement.

Chief Internal Auditors Annual Opinion

In my opinion, for the 12 months ended 31 March 2020, there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

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

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

Oxfordshire County Council's Internal Audit service conforms to the Public Sector Internal Audit Standards (2017)

Audits completed since last report to A&G Committee

38. The outcomes of the audits, including a summary of the key findings are reported quarterly to the Audit and Governance Committee. The summaries of the audits completed since the last report (January 2020) are attached as appendix 2;

- School Admissions
- Data Security & Protection Toolkit Review
- Children Missing Education
- ICT Backup and Recovery
- Troubled Families – Claim 4
- Health and Safety follow up review.
- Music Service
- Childrens Family Safeguarding Model Project Governance
- Childrens Controcc Payments
- Business Continuity Follow Up
- Pensions Administration

The following audits are still to be completed / are at exit meeting / draft report stage as at 18 May when A&G papers submitted. These are included within the annual opinion; however executive summaries of the reports once finalised, will be presented to the July A&G committee:

- Client Charging and Payments to Providers Follow Up (combined report)
- Direct Payments
- SEND
- Capital Programme – Procurement

Internal Audit Performance

39. The following table shows the performance targets agreed by the Audit Committee and the actual 2019/20 performance.
40. Whilst the revised plan presented to the Audit & Governance Committee in January 2020 was on track for completion the events of the Covid-19 pandemic impacted on the ability to complete the plan by the end of April 2020 in line with our performance targets. Completion of 2019/20 work has been extended through until the end of May 2020 and three audits at fieldwork stage during March were cancelled / deferred.
41. Performance in achieving the target dates for issue of draft and final reports were impacted upon during the first 8 months of the year due to the issues with the use of short term resources from external firms and management of the vacancies. Following recruitment of two of the three Senior Auditor vacancies in November 2019, this improved during quarter 4. However, some target dates have not been met during late March and April 2020, due to the Covid-19 pandemic and needing to extend the times given to officers to respond to our findings and reports, due to their other commitments in dealing with pandemic issues.

Measure	Target	Actual Performance 2019/20 – as at 11/5/20
Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the Audit Manager, no more than three times the total audit assignment days	61% of the audits met this target. (2018/19 this was 69%, 2017/18 60%, 2016/17 60%, 2015/16 58%)
Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	74% of the audits met this target. (2018/19 this was 82%, 2017/18 95%, 2016/17 94%, 2015/16 96%)
Elapsed time between issue of draft report and the issue of the final report	15 Days	74% of the audits met this target. (2018/19 this was 85%, 2017/18 92%, 2016/17 75%, 2015/16 48%)
% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2020.	70% of the plan has been completed by the end of April 2020. (2018/19 this was 100%, 2017/18 100%, 2016/17 100%, 2015/16 66%).

Measure	Target	Actual Performance 2019/20 – as at 11/5/20
% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	As at 4 May 2020: 622 actions being monitored on the system. <ul style="list-style-type: none"> • 74% implemented • 11% not yet due • 11% partially implemented • 4% overdue
Customer satisfaction questionnaire (Audit Assignments)	Average score < 2	Average score was 1.17 18/19 was 1.07, 17/18 was 1.03, 16/17 was 1.13.
Directors satisfaction with internal audit work	Satisfactory or above	The review of the effectiveness of internal audit is undertaken by the Monitoring Officer - results of this was reported to the March 2019 Audit & Governance Committee – Satisfactory. Next review planned for 2021.

SARAH COX

Chief Internal Auditor, May 2020

Background papers: None

Contact Officer: Sarah Cox, Chief Internal Auditor, 07393 001246

APPENDIX 1

Audit	Status	Conclusion	No of Mgmt Actions Agreed	Reported implementation status as at 13 May 2020
Corporate / Cross Cutting				
Induction	Final Report	Amber	10	7 reported as implemented, 3 ongoing.
Follow up – Health & Safety	Final Report	Amber	16	14 not due, 2 reported as implemented.
Follow up – Business Continuity	Final Report	Amber	13	13 not yet due
Oxfordshire Local Enterprise Partnership	Final Report	Green	2	1 not due, 1 reported as implemented
Adults				
Hospital Social Work Teams	Final Report	Green	3	3 reported as implem.
Payments to Providers – follow up	Draft Report	Amber	Tbc – combined report	-
Client Charging – follow up	Draft Report			
Direct Payments	Preliminary Draft Report	Tbc	Tbc	-
Adults: IT Audit Application Review – CM2000	Final Report	Amber	9	3 reported as implemented, 6 ongoing
Addition to plan: Review of an Individual Contract Award Process	Final Report	n/a	10	4 reported as implemented, 6 ongoing.
Children				
Children: Payments via ContrOCC	Final Report	Red	22	1 reported as implemented, 21 not due

Children: LCS Social Work Recording	Complete	Covered by action plan agreed for Controcc Payments	-	-
Children: Placement Decisions	Final Report	Amber	12	6 reported as implemented, 1 not due, 5 ongoing
Children: Family Safeguarding Model	Final Report	Green	6	6 not yet due
Children: Children Missing Education	Final Report	Green	2	2 not yet due
Children: SEND	Fieldwork	Tbc	Tbc	-
Children: Troubled Families – Claim 1	Complete	n/a	4	4 reported as implem.
Children: Troubled Families – Claim 2	Complete	n/a	2	2 reported as implem.
Children: Troubled Families – Claim 3	Complete	n/a	0	-
Children: Troubled Families – Claim 4	Complete	n/a	0	-
Children: School Admissions	Final Report	Amber	8	1 reported as implemented, 5 not due, 2 ongoing
Addition to plan: Advice work provided to two schools in Q1	Complete	n/a	-	n/a
Communities				
Oxford City Agency Agreement for Highway Maintenance	Final Report	Red	12	8 reported as implemented, 1 not yet due, 3 ongoing
Addition to plan: Security Bonds – Probity Audit	Final Report	n/a	9	3 reported as implemented, 5 not yet due and 1 ongoing
Communities / Finance				
Capital Programme – Procurement	Draft Report	Amber	Tbc	-
Finance				
Pensions Administration	Final Report	Green	2	2 not yet due

Pension Fund	Final Report	Amber	4	3 reported as implemented, 1 ongoing
Accounts Payable – 19/20 Duplicate Payments	Final Report	Amber	1	1 ongoing
IT Audits (Customers & Organisational Development)				
Backup and Recovery	Final Report	Green	4	4 not yet due
Data Centre Refresh	Final Report	Green	3	3 reported as implemented
Cyber Security	Final Report	Amber	14	13 reported as implemented, 1 ongoing
IT Project Governance	Final Report	Amber	13	13 reported as implem.
NHS Data Security and Protection Toolkit (IT Application Review – see Adults plan)	Final Report	Green	3	3 reported as implem.
	-	-	-	-
Customers & Organisational Development				
Addition to plan: Music Service	Final Report	n/a	-	-
Amendments to plan – presented and agreed at January 2020 A&G				
Contract Procurement – Decision Making	Deferred to 20/21			
Governance – Service / Establishment audit	Deferred to 20/21			
Transitions from Children to Adult Services	Deferred to 20/21			
Capital Programme – Formulation and Prioritisation	Deferred to 20/21			
Oxfordshire Housing and Growth Deal – Accountable Body	Deferred to 20/21			
ICT – Incident Management	Deferred to 20/21			
ICT – Disaster Recovery Planning	Deferred to 20/21			
Amendments to plan – since January 2020 A&G				
Risk Management	Deferred to 20/21 – due to work being undertaken by the organisation on Strategic Capability.			
Performance Management	Deferred to 20/21 – due to work being undertaken by the organisation on Strategic Capability.			
Payroll	Deferred to 20/21 – replaced with Music Service Audit			
Highways Contract payments	Deferred to 20/21 – to allow time for cost centre management improvements to embed and will be reviewed as part of wider planned audit of the Contract.			

Property & Facilities Management	Fieldwork started – deferred due to covid-19.
Governance – Directors Assurance	Fieldwork started – deferred due to covid-19.
Adults – Contract management	Fieldwork started – deferred due to covid-19.

The following grants were reviewed and signed off by Internal Audit at the end of September 2019:

- Local Transport Capital Block Funding (consists of Highway Maintenance Block, Highways Maintenance Incentive, Integrated Transport Highways Management Block Grant)
- Pot Hole Action Fund (PAF) Grant
- Disabled Facilities Grant (DFG)
- Bus Subsidy Revenue Grant

APPENDIX 2

Summary of Completed 2019/20 Audits since last reported to the Audit & Governance Committee - January 2020.

School Admissions 2019/20

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Policies, Procedures, Guidance and Regulations	A	1	1
Applications for a School Place	A	2	3
Appeals Process	G	0	1
		3	5

Opinion: Amber	12 February 2020	
Total: 8	Priority 1 = 3	Priority 2 = 5
Current Status:		
Implemented	1	
Due not yet actioned	0	
Partially complete	1	
Not yet Due	5	

The School Admissions team are responsible for the allocation of school places in Oxfordshire schools both as part of the main admissions round in September for reception and year 7 and for in year applications. Whilst some controls weaknesses have been noted in some areas, the Head of Access to Learning has confirmed that positive action is in the process of being taken to fully review and refine team processes which will address the key issues noted within this report.

Although it was found that the information available to the public in terms of the school admissions process was clear, comprehensive and compliant with the relevant legislation, there is no internal staff guidance. Testing noted inconsistencies in some aspects of team processes as well as a lack of clarity over roles and responsibilities in some areas (particularly around the in-year admissions process). For example, inconsistencies were noted in the approach and evidencing of communications with parents as part of the in-year application process, there was found to be lack of clarity over how referral to the In Year Fair Access Panel (IYFAP) should be documented and tracked and Admission Officers'

responsibilities in ensuring that places allocated are updated on school roll / taken up (important in identifying potential Children Missing Education) were not clearly understood. This is an area that the Head of Access for Learning is keen to address and plans are in place for completion of a full process review which will clarify roles, responsibilities and processes completed by Admissions staff and enable the production of comprehensive staff guidance.

It was noted that there is currently no routine performance information being produced and reported on relating to the work of the Admissions team to provide assurance to management that school admissions applications are being processed promptly and accurately (for example there is no monitoring of the level of applications received or of timeliness of processing from receipt through to communication of outcome). This could delay identification and resolution of performance issues. The upcoming process review will provide an opportunity to clarify and confirm processes and reporting requirements so that, going forward, management are provided with assurance that key admissions processes are operating as intended or promptly flag any areas where performance is not as required.

The Local Government and Social Care Ombudsman's reports issued in September 2018 and July 2019 made a number of recommendations for improvements required in the Admissions process. The report from the Director for Children's Services to Education Scrutiny Committee in November 2019 reports that the recommendations from both Ombudsman's reports have been implemented and through testing on this audit, it has been confirmed that process following decisions made by the In Year Fair Access Panel and the roles of both Admissions staff and Education Inclusion has been reviewed and refined.

It is noted that a new system was introduced for the 2019/20 academic year, which allowed parents to submit in year admissions applications on line. This system does not interface with the system used for the allocations process and so all on line in-year applications must be manually input to the admissions allocations system (the same process as prior to the introduction of the online system), there is also a lack of clarity over the process for claiming and processing these applications. The service acknowledges these weaknesses and are reviewing a number of different interim and longer-term options so that going forward, in year and main round applications will be dealt with in one system without the need for manual input.

No significant issues were noted during audit testing on the main admissions round, however there were control weaknesses identified in relation to the in-year application process. These relate to inconsistencies in process or lack of clarity over roles and responsibilities which should be addressed by the process review, production of internal staff guidance and introduction of appropriate performance monitoring and management reporting.

No significant issues were noted from testing on the appeals process. Whilst there were two examples noted where it had not been possible for the appeal to be held within the timescales required by the School Admission Appeals Code, this was due to logistical issues which were beyond the control of the Senior Education Appeals Officer.

Data Security & Protection Toolkit Review 2019/20

Overall conclusion on the system of internal control being maintained	G
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Management Framework	A	0	2
Toolkit Requirements	G	0	0
Improvement Action Plan	G	0	1
		0	3

Opinion: Green	3 March 2020	
Total:3	Priority 1 = 0	Priority 2 = 3
Current Status:		
Implemented	3	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	0	

The NHS Data Security & Protection Toolkit (DSPT) was released in 2018 following the National Data Guardian’s review of Data Security. It replaced the previous Information Governance Toolkit, which had been used for over 15 years to assess organisational compliance with a number of information governance standards and requirements. OCC are required to make an annual toolkit submission as they have access to NHS data and systems. The submission must be made annually by 31 March.

The DSPT submission is managed by the Information Management Team. A review of the March 2019 submission and the current ongoing work towards the 2020 submission has highlighted the following weaknesses:

- For the 2019 submission, there was a lack of oversight by the Information Governance Board (IGB) or Information Governance Group (IGG) on the progress being made with the toolkit and hence assurance that it would be submitted on time;
- The final 2019 submission was not formally ratified by either the IGB or IGG to confirm that they agreed and approved what was being submitted.
- The method of recording actions by the Information Management Team is not deemed effective to manage and track the work completed and clearly identify the outstanding gaps.

Children Missing Education 2019/20

Overall conclusion on the system of internal control being maintained	G
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Policies & Procedures	A	0	2
B: Joint Working	G	0	0
C: Process for Referral & Investigation of CME	G	0	0
D: Management Information & Performance Reporting	G	0	0
		0	2

Opinion: Green	10 March 2020	
Total: 2	Priority 1 = 0	Priority 2 = 2
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	2	

Following on from the recruitment of the Head of Learner Engagement in October 2018, considerable progress has been made in the development of a consistent approach to the process for identifying, tracking and investigating potential CME cases. This includes the production and sign off of a CME Policy and the development of joint working arrangements with internal and external parties including schools, the School Admissions team and the Youth Justice Service. Information and training has also been produced for Children’s Social Care staff to enable greater understanding of where social care fits and can contribute in enabling the Council to discharge its statutory duties in relation to the tracking and resolution of CME cases.

Whilst Internal Audit does not review and assess the adequacy of resources for the completion of key CME tasks, this has been flagged by management as a known risk and is an area of concern. In addition to this, there are management concerns about the perceived blurring of the roles and responsibilities of the Access to Learning and Learner Engagement Services and the impact this could have on the resourcing and therefore the

ability of the Learner Engagement service to perform their statutory duties in relation to CME. For example, staff from Learner Engagement are now chairing the In Year Fair Access Panel which is required as part of the Access to Learning Services statutory duties. The Head of Learner Engagement has reported that concerns over the resourcing of CME activity has been flagged with the Interim Deputy Director for Education and are being raised as part of the ongoing transformation work within Children's.

Policies & Procedures – There is a CME Policy and Learner Engagement Strategy in place. Intranet information, although found to be comprehensive for schools (who the majority of CME referrals will come from) via the schools intranet pages, was not as comprehensive for other key internal stakeholders which could reduce awareness of CME requirements and processes and lead to delays in referral and investigation of individual cases. In relation to the guidance available for Children's Social Care staff, it has been reported that discussions over the guidance and coverage of CME have taken place with the Principal Social Worker and Neglect Group, with more support offered as and when required.

In terms of resourcing of CME activity, it was noted that there is one officer with sole responsibility for the processing, monitoring and investigation of referrals. As noted above, the Head of Learner Engagement acknowledges this risk and is keen for the current resourcing arrangements to be reviewed. Reliance on one member of staff has implications for the ability of the Council to appropriately and consistently monitor and investigate potential CME. It could also be difficult for others to pick up key tasks should the key individual leave or be off for extended sickness absence, although it was reported that other officers have rudimentary understanding of the role to pick up in the specialist officer's absence.

Joint Working – Significant efforts have been made to improve joint working between the Pupil Tracking Officer and the School Admissions team, with weekly meetings are now taking place to discuss key CME issues / cases. The auditor observed a joint service event during summer 2019 led by Head of Learner Engagement to enhance CME understanding across all Learner Engagement and Admissions staff. Progress is also being made in formalising the process and clarifying responsibilities for the monitoring of the take up of school places both as part of the main admissions round and the in-year application process. The In Year Fair Access Panel (IYFAP) process has also been reviewed and strengthened with responsibilities and process clarified and defined. Progress has been reported in developing understanding of CME issues and information requirements with the Youth Justice Service and information and guidance has been developed for Children's Social Care staff.

Process for Referral & Investigation of CME – Walkthrough testing indicates that the recording and investigation of CME cases is being undertaken in accordance with the processes documented within the CME policy.

Management Information & Performance Reporting – Whilst it was noted that there is now regular reporting both to the Head of Learner Engagement and to the Education Senior Leadership Team and Director of Children's Services on CME numbers which then feeds up to different forums, it was noted that it has not yet been possible to include information on the number of cases where school places allocated have not been taken up and so become CME cases. This is an area where responsibilities and processes within the School Admissions Team are being developed.

ICT Backup and Recovery 2019/20

Overall conclusion on the system of internal control being maintained	G
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Corporate Policy	A	0	1
Operational Arrangements	A	0	2
Media Security	G	0	0
Testing	G	0	1
		0	4

Opinion: Green	16 April 2020	
Total: 4	Priority 1 = 0	Priority 2 = 4
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	4	

A new corporate ICT backup and recovery solution has been implemented as part of the recent Datacentre Refresh project. The new solution is Dell EMC Avamar and replaces the previous IBM Tivoli Storage Manager (TSM) system which was no longer supported.

Dell EMC Avamar only went live in January 2020 and some of the procedures and processes around the system are still being defined. Documentation for the new system is still being developed, including the “Avamar Backup Environment” which holds configuration information, “Avamar Missed and Failed” document which defines procedures for reviewing backup jobs and the “Avamar Data Restore” procedure. It is acknowledged that this is an early audit of the new system and that some of the processes are still being agreed, hence we have not raised any specific management actions in regard to the documentation, however, they should all be finalised as soon as possible.

Whilst some of the procedural documents are still being developed, we found that there is no formal documented corporate policy on the backup and recovery of ICT systems. Such a policy should be developed to ensure there are clear standards and requirements for this important area.

There is a daily backup of ICT systems in place and responsibilities are assigned for reviewing backup jobs to ensure they have all completed successfully and to follow-up any with errors/issues. Backup retention policies are defined for different environments e.g. databases, SharePoint and servers. The ICT System Engineers review an Avamar report that identifies any servers which are not associated with a backup schedule, however, it is not logged as a formal process and hence there is a lack of assurance that it is performed on a regular basis. We also found that ICT access to the Avamar system is not restricted to only those users with an operational need and hence there is a risk of unauthorised access and changes being made to the system.

All backups are taken directly to off-site digital media at the secondary data centre at Lyndon Place in Birmingham. i.e. there are no “local” backups at the primary data centre at Cole Valley. All Avamar backups are encrypted and tape media is no longer used for backups. Backups are also replicated to the Azure cloud each night for disaster recovery purposes and the completion of these replication jobs is checked as part of the daily missed and failed process. Currently there is an issue with the size of the network connection between Lyndon Place and Azure which is preventing all backups from being replicated and hence some of the less critical servers are not included in this process. ICT are working with the supplier to resolve this issue.

There is a formal Test and Acceptance Plan for Dell EMC Avamar which includes performing a number of backup recovery tests. We understand the tests have been completed but found that they are not all documented and signed-off within the Test and Acceptance Plan to confirm they were successful.

Troubled Families 2019/20 – Claim 4

Opinion: n/a	20 March 2020	
Total: 0	Priority 1 = 0	Priority 2 = 0

The audit of the previous claim (December 2019) identified no issues or management actions, owing to the previous improvements to the process for identifying duplicate claims and updates to the Think Family Outcome Plan. All previous actions from previous audits have been implemented.

For the March claim - the audit checked a sample of 10% of the total SSP (Significant & Sustained Progress) claim (52 families) to ensure that they met the relevant criteria for payment and had not been duplicated in the current or previous claims. Their initial eligibility criteria for inclusion in the Programme were also checked.

Overall Conclusion

The audit noted further improvements in the internal processes for data checking and validation. Testing for duplicates found no families that have previously been claimed for, and no issues were identified with the eligibility or sustained progress of the families sampled.

Following satisfactory responses being received for all queries raised by Internal Audit, the claim was signed off for submission.

New checks built into the claim spreadsheets by the Thriving Families Team have continued to result in further improvements in the accuracy of the claim data submitted to Internal Audit. As such, no audit findings or management actions were required.

Health and Safety Follow Up 2019/20

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	27 April 2020	
Total: 16	Priority 1 = 1	Priority 2 = 15
Current Status:		
Implemented	2	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	14	

The 2018/19 audit of Health & Safety, graded Red, identified key weaknesses in areas including governance arrangements, clarity over roles and responsibilities, guidance and training, risk management and management reporting. A follow up audit was completed in the third and fourth quarter of 2019/20 to review the effectiveness of the implementation of the actions agreed following the previous audit, all of which had been reported as being fully implemented.

This follow up audit has taken place just over a year after the completion of the previous audit. Overall, it has been possible to evidence significant progress in addressing the weaknesses identified, however there are still some areas where further action is required.

Overall Conclusion

It is noted and has been confirmed from the follow up testing undertaken on this audit, that significant progress has been made in improving key areas of weakness identified in the 2018/19 Health & Safety Audit.

Our overall conclusion is now Amber. Improvements have been noted in relation to review and updating of Part 1, 2 and 3 policies and other health and safety policies and procedures, the Health & Safety Governance Board is now meeting regularly, generic health & safety training for staff and managers has been reviewed and improved and there is regular monitoring and reporting on the completion of mandatory training. Improved communications and management reporting were also noted.

Of the 27 actions agreed in 2018/19, audit testing has confirmed that 18 have been fully and effectively implemented. The remaining 9 have been found to have been partially implemented. Where further improvements are required as implementation has not been fully effective, new management actions have been agreed. Further improvements are required in relation to clarifying roles and responsibilities for property compliance in schools, to provide assurance that property compliance in OCC buildings is covered consistently and appropriately, to ensure that Property, Investment & Facilities Management (PIFM) staff health & safety training coverage is appropriate and complete, to confirm arrangements for the monitoring of first aider and fire marshal coverage across the Council and to ensure that the discussions and decisions of the Health & Safety Governance Board are clearly and consistently documented.

Music Service 2019/20

Following issues raised by management, Internal Audit have completed a preliminary internal audit investigation. This work has been completed and reported on to management and an action plan is now being agreed. Immediate issues in relation to Health & Safety and Fire Safety were highlighted and a Health & Safety Inspection has now been completed. A full audit is planned for 2020/21 – which will include follow up of the issues identified in the preliminary work.

Childrens Family Safeguarding Model Project Governance 2019/20

Overall conclusion on the system of internal control being maintained	G
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Project Governance	A	0	6
B: Risk Management	G	0	0
C: Management Information & Reporting	G	0	0
		0	6

Opinion: Green	6 May 2020	
Total: 4	Priority 1 = 0	Priority 2 = 6
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	6	

The Family Safeguarding Plus (FSP) project is a transformational project to implement a new practice model of intervention across the county of Oxfordshire to tackle the main causes of parental and family breakdown. The implementation of the model was approved by Cabinet in July 2019. The FSP model is one of the main workstreams within the CEF Transformation Programme. The envisaged go live date for the model was June 2020 with significant service improvements and efficiencies expected from June 2021. It is likely that the implementation of this project will be impacted by the current situation with COVID-19.

The audit has found project governance arrangements overall to be strong, however some areas were noted where improvements are required.

There is currently no communication and stakeholder engagement plan, however it has been reported that following the recent appointment of a workstream lead for engagement, this plan is in the process of being developed. The current approved version of the PID was also noted to be out of date in some areas including the named Senior Responsible Officer and Project Sponsor and detail over roles and responsibilities of some key members of the project team was found to be limited. However, it is acknowledged that a revised PID, which reportedly resolves these issues, has been produced and is due to be tabled at the next meeting of the Transformation Board.

It was noted that although there is evidence of recording of actions points from project team meetings, it was difficult to see how the progressing of these actions are tracked. Similar issues were noted from review of the minutes of the Partnership Board. The terms of reference of the partnership board also requires updating to reflect requirements in relation to core attendees (although no specific issues were noted with attendance from the testing completed as part of this audit).

It was found that there is a detailed project plan in place which is being updated and reviewed as the project progresses, there were a couple of examples of omissions which have been raised with the project team and will now be updated.

Further assurance work on the FSP model will be provided as part of the 2020/21 Internal Audit Plan.

Childrens Controcc Payments 2019/20

As this report has been graded Red, this will be presented for discussion at the next AWG, 24 June 2020, when officers will be invited to attend to answer questions and provide an update on addressing the weaknesses identified.

Overall conclusion on the system of internal control being maintained	R
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Opinion: Red	11 May 2020	
Total: 22	Priority 1 = 4	Priority 2 = 18
Current Status:		
Implemented	1	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	21	

Introduction

Liquid Logic Children's System (LCS) and ContrOCC, were implemented from June 2019, replacing Frameworki for child care recording, and various different finance systems and payment methods. Since ContrOCC's phased implementation, £26m has been paid through the system.

The provider payments process has therefore changed significantly since June, and this audit, carried out in the 4th quarter of 2019/20, was agreed as part of the annual audit plan to provide assurance over the accuracy, validity, timeliness and authorisation of payments made.

Overall Conclusion

The overall conclusion of this audit is **Red**. It is acknowledged across the service and Corporate Finance that there are a number of ongoing issues with both the integrity of data and the accuracy of payments, with ongoing work to address these, however the system is currently open to the risk of error or abuse, with audit testing across various types of placements identifying inaccurate and delayed payments, as well as overpayments.

Some of the issues noted are a result of the new system, however a number are long standing issues that are now being highlighted but were previously hidden with the old systems.

Incorrect data held in LCS and delays in completion of relevant forms means a high level of payment suspensions and manual adjustments are currently relied upon to make payments efficiently, with little capacity currently available to identify and

address root causes of the issues requiring these. Testing also identified various work-arounds being used by social care teams in order to make payments where it has not been possible to use ContrOCC. These include purchase orders, invoicing plans, CHAPS payments, and cash, increasing the risk of duplicate payments and reducing oversight of spend against each child. It was also reported to Internal Audit that, at the time of testing, a large backlog of invoices was outstanding. It has been reported that additional resource has been directed to this area from within the Payments Team, as well as recruiting two temporary members of staff, and significant progress is being made in investigating and processing the required payments.

There is currently no routine management information or exception reporting to indicate how well the system is performing, and controls previously reported as implemented following the foster carer overpayment fraud identified in 2018 have not been implemented effectively, meaning since ContrOCC went live there has been no active review of foster carer payments being made. The data integrity issues highlighted are also having a knock-on effect on the accuracy of budget monitoring, which relies on placement costs recorded on ContrOCC for baseline figures. It has been reported that work has started to design and deliver financial control reports. This has also been identified as a key deliverable of the Children’s post project LCS Group.

It is acknowledged that the Finance Functions Project, due to be delivered in May 2020 but which was paused in March due to COVID-19, would have covered a number of the issues noted in relation to gaps in responsibility and process. One of the aims of this project being to centralise all activity related to payments and care package recording across children’s and adults into one service. This centralisation is intended to support the standardisation of financial, contractual and system controls. Once the project re-starts, actions agreed within the audit report will contribute to the achievement of some of the project’s objectives.

Business Continuity Follow Up 2019/20

Overall conclusion on the system of internal control being maintained	A
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Opinion: Amber	13 May 2020	
Total: 13	Priority 1 = 1	Priority 2 = 12
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	13	

The 2018/19 audit of Business Continuity Planning, graded Red, identified key weaknesses in areas including maintenance of documented plans, governance arrangements, clarity over roles and responsibilities, guidance and training, risk

management and management reporting. A follow up audit was completed in the fourth quarter of 2019/20 to review the effectiveness of the implementation of the actions agreed following the previous audit.

This follow up audit has taken place just over a year after the completion of the previous audit. Overall, it has been possible to evidence that significant progress has been made in the area of business continuity in the past 12 months, although some areas remain where further action is required.

Overall Conclusion

It is noted and has been confirmed from the follow up testing undertaken on this audit, that significant progress has been made in improving key areas of weakness identified in the 2018/19 Business Continuity Planning audit.

It should be noted that this follow up review began in January 2020 with the fieldwork being completed in the first week of March 2020. During this timescale, the Council and the rest of the world have been impacted by the coronavirus (COVID-19) outbreak. We fully acknowledge that the improvements to business continuity made in the last 12 months has put the Council at an advanced state of preparedness. In particular the work undertaken on business continuity in preparation for a potential “no deal Brexit” has improved the profile of business continuity within the organisation and the robustness and accessibility of plans in place. The considerable efforts that have been made during this period, primarily the work undertaken by the corporate team has put the Council in a better position. In the response to covid-19, the Council has demonstrated with speed and agility that it can adapt to new ways of working and continue to provide key services.

On the basis of the progress made and evidenced during the follow up audit, our overall conclusion is now **Amber**, although it should be noted that some of the previously agreed actions have not been fully completed e.g. testing of plans. We further acknowledge the considerable work currently being done at a practical level, in regard to coronavirus, and the increased awareness of business continuity across the Council. The proposed management actions must therefore be looked at in context to the current incident and be addressed, and potentially re-examined, after the crisis is over.

Of the eleven actions agreed in 2018/19, audit testing has confirmed that five have been fully and effectively implemented, five are partially implemented with one not implemented. Where further improvements are required as implementation has not been fully effective, some additional management actions have been agreed as part of the 2019/20 report to enhance existing controls.

Pensions Administration 2019/20

Overall conclusion on the system of internal control being maintained	G
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Regulatory Framework	G	0	0
B: Scheme Member Lifecycle	G	0	1
C: Scheme Employers	G	0	0
D: Debtor Management	A	0	1
		0	2

Opinion: Green	18 May 2020	
Total: 2	Priority 1 = 0	Priority 2 = 2
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	2	

Since the previous audit, it is noted that the Improvement Plan, agreed with the Pensions Regulator to address delays in the issuing of annual benefits statements in previous years has been signed off, with performance now significantly improved and at the required level. The team was able to issue 99.6% of Annual Benefits Statements for the 2018/19 financial year by the regulatory deadline.

Although some delays in completion of scheme member lifecycle tasks were noted from sample testing completed during the audit, this is in line with that expected from the team's performance reporting. Performance is being monitored and reviewed on a monthly basis within the team and being reported on quarterly to the Pensions Fund Committee. Temporary amendments to performance targets were agreed for the 2019/20 financial year, acknowledging the expected impact of staffing shortages and the implementation of new processes and systems on the team. From the testing undertaken during the audit, it was noted that performance reported met the amended targets for the majority of tasks. As of the start of January 2020, performance targets are back to the original levels.

There have been delays in the implementation of the Administration to Pay Process which aims to increase the efficiency of pensions administration processes by automating the flow of information from the pensions administration part of Altair to the pensions payroll part of the system. Delays were due to problems with code mapping which had to be referred back to the developer. It is understood that these issues have now been resolved and the system is on track to be implemented by the end of July 2020.

Progress has also been made in implementing the I-connect system. This system replaces the MARS data return process, enabling employers to upload data directly into Altair. The I-connect system aims to improve efficiencies in terms of data collection and checking. Transfer of employers from MARS to I-connect has been phased and it is expected that the remaining scheme employers will be transferred over to I-connect by the end of August 2020.

Further progress is required in developing debtor management and debt recovery processes. Whilst there have been a number of discussions on potential processes over the year, pensions debts are not currently being actively pursued. It is noted that there has been some progress with the review and follow up of overpayments identified in relation to the last NFI round, with ongoing liaison with the OCC Counter Fraud team.

Follow Up

Of the six actions agreed as part of the 2018/19 audit, testing undertaken as part of this audit has found that 4 actions have been fully and effectively implemented, 1 action has been reported as fully implemented, but no testing has been completed on the effectiveness of implementation. There is 1 action (covering debt recovery processes for Pensions debts) that has not yet been fully implemented.

AUDIT and GOVERNANCE COMMITTEE – 27 MAY 2020

Internal Audit Strategy and Internal Audit Quarter 1 Plan for 2020/21

Report by the Director of Finance

RECOMMENDATION

1. **The committee is RECOMMENDED to comment and note the Internal Audit Strategy for 2020/21 and Internal Audit Plan for quarter 1.**

Executive Summary

2. This report presents the Internal Audit Strategy for 2020/21 and Internal Audit Plan for quarter 1. A separate plan for Counter-Fraud activity will be presented to the July 2020 Committee.
3. The audit planning process was completed for 2020/21 and a draft annual plan produced which was agreed with each Director. However, due to the Covid-19 pandemic, a refreshed internal audit approach is now required as our organisation goes through a period of significant disruption and change. This report therefore sets out our workplan for Quarter 1 (Appendix 2). It is proposed that a revised plan for the remainder of the year will then be presented to the July 2020 Committee.

Introduction

4. The Accounts and Audit Regulations 2015 state that the Council needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with the proper internal audit practices; these are defined as the Public Sector Internal Auditing Standards 2013, updated March 2017.
5. The Public Sector Internal Auditing Standards defines “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”
6. The Chief Internal Auditor is required to provide an annual report on the System of Internal Control which is used to inform the Council’s Annual Governance

Statement. In providing this opinion we are required to review annually the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis.

7. The Internal Audit Annual Plan is drafted and presented at the start of each financial year, however will evolve and needs to be dynamic and subject to amendments / responsive to organisational change and resulting emerging risks during the year. For 2020/21, the Covid-19 pandemic has meant that the draft annual plan needs to be revisited and reprioritised. The operational impacts, new control environment, any changes in governance arrangements, resulting from current events, need to be assessed and internal audit resources targeted across immediate priority areas for the organisation.

Audit Planning Methodology

8. Our routine annual audit planning methodology comprises of:
9. The Internal Audit Plan is developed to consider the corporate vision and priorities of Oxfordshire County Council, the Leadership Team's (CEDR) priorities and management's assessment of risk as set out in the strategic and directorate risk registers. The audit plan includes cross referencing to those priorities and risks.
10. We also use our own risk assessment against each activity assessing their significance, sensitivity and materiality – ranking each activity as high, medium or low priority for inclusion within the Internal Audit Plan.
11. Audit planning is undertaken in accordance with Oxfordshire County Council's Internal Audit Charter and Public Sector Internal Audit Standards.
12. As part of the annual planning process the Chief Internal Auditor meets with members of CEDR (Chief Executive Direct Reports) and other Senior Managers. This provides crucial insight and intelligence into the strategic and operational priorities of the organisation. Quarterly meetings with each of the Directorate Leadership Teams are attended to ensure the plan is kept under continuous review. The plan is also reviewed quarterly with reference to the risk registers and presented to the Audit and Governance Committee for consideration and comment. This ongoing review and insight enables the audit plan to be flexible to meet any changing assurance needs and risks of the organisation.
13. The Audit and Governance Committee will continue throughout 2020/21 to gain assurance through reports from Senior Management on key areas.

14. Our aim is to align our work with other assurance providers, including the External Auditors, Health Auditors and the Southern Internal Audit Partnership. The Southern Internal Audit Partnership provides annual assurance to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out by the Hampshire Shared Services Partnership
15. The Chief Internal Auditor is a member of the Corporate Governance Assurance Group, which supports the monitoring and development of the assurance framework and production of the Annual Governance Statement. This includes review of the key governance areas through the Corporate Leads.
16. The Chief Internal Auditor continues to attend the Counties Chief Auditor Network (National Group) and also the Midland Counties and Districts Chief Internal Auditors Group to enable networking and to share good practice. This contributes to the internal audit planning activity.
17. The Audit and Governance Committee will receive a quarterly report, including a status update on the approved work plans, and a summary of the outcomes of completed audits.

Counter-Fraud

18. Internal Audit have the responsibility for Counter-Fraud. The future model for delivery of both the pro-active fraud plan and management of reactive work / investigations is subject to review, looking for opportunities for further build and strengthen our pro-active fraud activity. The Counter Fraud Strategy and Plan for 20/21 will be presented to the July Audit & Governance Committee.

Internal Audit Resourcing

19. From 1 April 2020, the Internal Audit team commenced a joint working approach, providing the internal audit service across both Oxfordshire County Council (OCC) and Cherwell District Council (CDC). One of the key benefits of this arrangement is being able to build a more sustainable team with the skills and capacity resilience that will help embrace future challenges. We will look to fully integrate the current IA team into CDC. The audit management team strongly believe that working as an in-house internal audit function in any organisation drives an increased quality of output, as not only do the in-house team members have a good strategic and operational understanding of the organisation, but also have an ongoing commitment to organisational improvement and adding real value.

20. We will look to build on best practice from both organisations, for example the work that has been undertaken at OCC to provide an Internal Audit service fully compliant with Public Sector Internal Audit Standards and the development of effective audit committee arrangements.
21. As partnership/joint working develops across services between OCC and CDC this will provide opportunities for joint assurance activities.
22. There will be a “one-team” approach however there will be individual Internal Audit Plans for OCC and CDC to enable reporting to separate Audit Committees.
23. During the 2019/20 Finance Review, the following additional resources were agreed for Internal Audit, which will enable the delivery of a joint internal audit service across OCC / CDC from April 2020:
 - Increase of 1FTE Senior Auditor (permanent)
 - Increase of 25 days IT Audit resource (to be reviewed annually)
 - Team administrator (currently 80 chargeable days) removed from structure and replaced with 1FTE AAT trainee (vacant).
 - 2FTE Auditor posts re-designated as Senior Auditor posts

The new internal audit structure (Appendix 3) has recognised the complex service delivery environment and the demand for quality and experience, Auditor posts have been removed and through recruitment are being replaced with Senior Auditors.

24. The planned chargeable days available to OCC in 20/21 = 1200. (this is in line with 19/20, however is subject to recruiting to vacant posts).
25. The Audit & Governance Committee are regularly updated regarding the Internal Audit resourcing position and the on-going challenges of recruitment. There are still two vacancies within the Internal Audit structure – Senior Auditor and also the AAT trainee. Unfortunately, due to the pandemic this has impacted and delayed the recruitment of these vacancies and will mean a reduction of the planned chargeable days that can be provided during 2020/21. The pandemic will also impact on the overall days available – the internal audit team’s working arrangements have been disrupted in the weeks following lockdown, audit resource has been redirected to support Covid-19 payments response work, for example business grants/supplier payments and working remotely will also mean that some audit work/testing may take longer to complete.
26. The covid-19 impact on planned chargeable days and how the remaining chargeable days available for OCC will be split across planned audit activity will be presented in the report to the July 2020 committee.

Quality & Performance

27. Oxfordshire County Council Internal Audit operates in conformance with the Public Sector Internal Audit Standards. We promote excellence and quality through our audit process, application of our Quality Assurance Improvement Programme and training and development. During 2020/21 we will be supporting 2 members of staff to complete the Chartered Internal Audit qualification. We are looking to support another member of staff to complete the Certified Internal Audit Qualification.
28. We use a number of ways to monitor our performance, respond to feedback and seek opportunities to improve. Evidence of the quality of our audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.
29. The proposed performance indicators for 2020/21 are attached as appendix 1 to this report.

Quarter 1 Internal Audit Plan

30. Appendix 2, sets out the revised quarter 1 work plan for Internal Audit. The completion of 2019/20 audit plan work is normally achieved by the end of April; however, this year has extended to the end of May, due to the pandemic.
31. Internal Audit continue during quarter 1 to undertake planned work in relation to grant sign offs, for example Troubled Families, to ensure funding is still received in these areas. There are also some of the planned audits that we have already reassessed as still priority areas to provide assurance over, that officers/teams are available for, which we plan to start during June. For example, IT Disaster Recovery Planning. The internal audit approach will be adapted to undertake the work remotely and to work mindfully around the other priorities of the officers/teams involved.
32. The priority for quarter 1 for OCC has been, being involved with advising on new control processes for covid-related payments, for example payments to providers.
33. There is an increased fraud risk whilst operating during the pandemic, and this will need to be a key focus within the internal audit work plan, for example the risk of irregular payments is high, and therefore focus needs to be on helping to prevent loss.
34. In refreshing and re-prioritising, the internal audit plan for the year, Internal Audit needs to understand and assess the immediate and future risks resulting from

the pandemic. The plan needs to remain fluid and responsive to changing priorities, new ways of organisational working and any changes to the governance arrangements and control environment. It is proposed that a revised plan for the remainder of the year will be presented to the July 2020 Committee. However, in common with other internal audit functions we are undertaking a more “agile” form of auditing during the Covid period so that we can rapidly move resources within the audit team to priority areas in, particularly towards Covid funding to ensure risks are adequately managed and controls effective to minimise the risk of fraud and error. This more ‘agile’ auditing approach is likely to be adopted for the remainder of this year.

LORNA BAXTER

Director of Finance

Background papers: None.

Contact Officer: Sarah Cox, Chief Internal Auditor, 07393 001246

APPENDIX 1 PERFORMANCE INDICATORS 2020/21

	Performance Measure	Target	Frequency of reporting	Method
1	Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the CIA, no more than three times the total audit assignment days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
2	Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
3	Elapsed time between issue of draft report and the issue of the final report	15 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
4	% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2021.	Report to A&G Committee.	Internal Audit Performance Monitoring System
5	% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	Quarterly Report to AWG	Action Management Tracking System
6	Customer satisfaction questionnaire (Audit Assignments)	Average score < 2	Report to A&G Committee	Questionnaire
7	Directors satisfaction with internal audit work	Satisfactory or above	Every two years - review of the effectiveness of IA - Monitoring Officer report to A&G Committee	Questionnaire, last completed in 2018/19, next due 2021.

APPENDIX 2:

INTERNAL AUDIT QUARTER 1 PLAN 2020/21

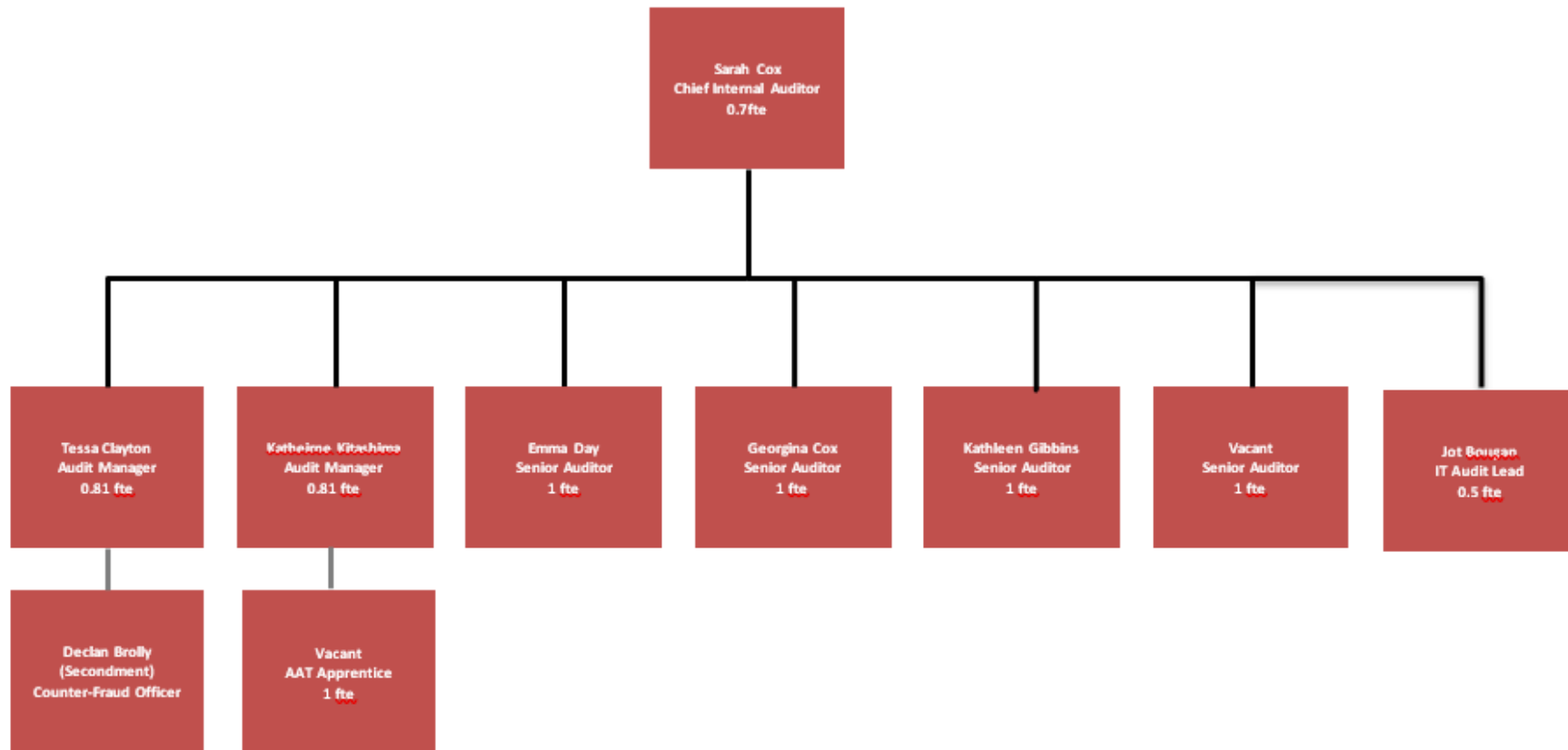
Audit / task	Detail	Status as at 12 May
Completion of 2019/20 Internal Audit Programme	This is normally completed by the end of April. This has been delayed due to covid-19 and has been extended until the end of May.	Ongoing
Covid-19 funding / payments.	<p>Internal Audit have been involved with supplier relief payments.</p> <p>At OCC Internal Audit were initially involved in the processes being established to support adult and children's provider payments from the Service Sustainability Fund.</p> <p>Internal Audit have reviewed and advised on the processes established for the early years covid funding, supporting both nursery settings and childminders.</p> <p>Internal Audit will also look to support further by providing assurance over the accuracy and integrity of Supplier Relief Payments across the directorates and also the 10% uplift payments made to social care providers.</p>	Ongoing
Public Health – Alcohol Capital Grant	Chief Internal Auditor verification and sign off is a requirement of the grant conditions. This needs to be completed by the end of May 2020.	As at 12/5/20 – work commenced.
Troubled Families	The condition of the grant claim is that Internal Audit test a sample of 10% and sign off on each claim submitted. The service plan to submit 4 claims during the financial year 2020/21 – the first one will be before the end of June 2020.	Planned for June
Action Tracking	Work required to reconfigure system to enable us to onboard CDC exiting actions and be able to report on them separately to the two different audit committees.	Ongoing

	No soft chasing of officers due to covid-19 during March-May. Review position in June and get updates where required and escalate where appropriate through DLTs.	Planned for June
	Review dashboard access for senior managers – OCC and CDC	Planned for June
PSIAS	Annual self-assessment against PSAIS and renewal of IA charter	To be completed by end of June
Revision of Internal Audit Plan	Draft plan to be reviewed with each Directorate, emerging risks and control environment changes to be identified, with new areas for assurance included.	To be completed by end of June
Quarter 1 audits	It is planned that 4 audits will commence mid-end of June. These are currently being selected. One of these where scoping has already been undertaken is IT Disaster Recovery Audit 20/21 (which had been deferred from 2019/20). An update will be made to the July A&G committee on the work started in June.	Planned start for June.

APPENDIX 3:

Internal Audit Structure 2020/21

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Division(s):

AUDIT AND GOVERNANCE COMMITTEE – 27 MAY 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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Division(s):

AUDIT & GOVERNANCE COMMITTEE – 27 MAY 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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**Audit & Governance Committee
Annual Report**

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

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Chairman's Introduction	3
Role of the Audit and Governance Committee	4
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 and 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

NB: March 2020 meeting was cancelled due to the COVID-19 crisis.

Key A&G Committee Activities	May 19	July 19	Sept 19	Nov 19	Jan 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	•		•		
Annual Scrutiny Report	•				

Key A&G Committee Activities	May 19	July 19	Sept 19	Nov 19	Jan 20
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	•		•		•
Review of Audit of Backup and Recovery and implementation of management actions	•				

Key AWG activities	April 19	June 19	Sept 19	Oct 19	Dec 19
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:

- 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 actions 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 the 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 completion of the Internal Audit Plan and the annual statement of the Chief Internal Auditor is produced for the Committee at the end of the financial year. 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.

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.

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 were due to meet with the external auditors in a private session in March 2020 – this was postponed due to COVID-19. The Committee however is satisfied that 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

Division(s): all

Audit & Governance Committee – 27 May 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

22 July 2020

Ernst & Young – Final Accounts Audit Progress (Janet Dawson)
Annual Governance Statement (Glenn Watson)
Statement of Accounts 2019/20 (Hannah Doney)
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)

17 March 2021

Ernst & Young – Progress Report inc. Audit Plan (Janet Dawson)
Scale of Election Fees and Expenditure (Glenn Watson)
Audit & Governance Committee Annual Report to Council 2020 (The Chairman)
Progress update on Annual Governance Statement Actions (Glenn Watson)
Counter-fraud Update (Sarah Cox and Tessa Clayton)

Standing Items:

- Audit Working Group reports (Sarah Cox)
- Audit & Governance Committee Work Programme – update/review (Committee Officer/Chairman/relevant officers)

Deferred Items due to COVID-19

Annual Scrutiny Report (Robin Rogers)

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