



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

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

Wednesday, 11 May 2022 at 2.00 pm

County Hall, Oxford, OX1 1ND

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

A handwritten signature in black ink that reads "Stephen T Chandler".

Stephen Chandler
Interim Chief Executive

May 2022

Committee Officers: Cameron MacLean
Tel: 07526 985978 Email: cameron.maclean@oxfordshire.gov.uk

Membership

Chair – Councillor Roz Smith
Deputy Chair - Councillor Brad Baines

Councillors

Donna Ford
Nick Leverton
Dan Levy

Ian Middleton
Michael O'Connor
Judy Roberts

Ted Fenton

Co-optee

Dr Geoff Jones

Notes: *Date of next meeting: 20 July 2022*

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 email democracy@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 - 26)

To approve the minutes of the meetings of the Audit & Governance Committee held on -

1. 05 January 2022; and
2. 16 March 2022.

4. Petitions and Public Address

5. Annual Report of the Chief Internal Auditor (Pages 27 - 64)

2.15 pm

Annual Report by Chief Internal Auditor

The report summarises the outcome of the Internal Audit work in 2021/22 and provides 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 Audit and Governance Committee is RECOMMENDED to consider and endorse the annual report.

6. Internal Audit Strategy & Annual Plan 2022/23 (Pages 65 - 80)

2.35 pm

Report by Director of Finance

This report presents the Internal Audit Strategy and Internal Audit Plan for 2022/23. A separate plan for Counter-Fraud activity will be presented to the July 2022 Committee. Appendix 2 of the report sets out the annual Internal Audit plan for 2022/23.

The Committee is RECOMMENDED to comment and note the Internal Audit Strategy and Internal Audit Plan for 2022/23.

7. Accounting Policies for Inclusion in the 2021/22 Statement of Accounts (Pages 81 - 98)

2.55 pm

Report by Director of Finance

The Committee is asked to consider a report setting out the approach taken to the preparation of the 2021/22 Statement of Accounts including:

1. The proposed timetable for the 2021/22 Statement of Accounts and External Audit;
2. Future changes to the Code of Practice on Local Authority Accounting in England and Wales ("the Code"); and

3. The approved Significant Accounting Policies which describe how the Council has interpreted and applied the Chartered Institute of Public Finance and Accountancy (CIPFA) 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom which is the basis for the preparation of the accounts.

The Committee is RECOMMENDED to –

1. Note the proposed timetable for the 2021/22 Statement of Accounts and the highlighted future changes; and
2. Ratify the accounting policies as approved by the Chief Finance Officer annexed to the report.

8. Treasury Management Annual Performance Report

3.15 pm

Report to Follow.

9. Update on Activities of The Constitution Review Working Group (Pages 99 - 102)

3.35 pm

Report by Director of Law and Governance

The Committee is RECOMMENDED to:

1. Note the progress of the Working Group made to date and the areas to be covered in the report to be delivered by 31 July 2022.
2. Approve, in principle, the idea that the Working Group should continue its work after 31 July 2022.

10. Audit & Governance Committee Work Programme 2022/23 (Pages 103 - 104)

3.55 pm

To note the Audit & Governance Committee Work Programme 2022/23.

CLOSE OF MEETING

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

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on a date and at time to be confirmed for the Chairman, Deputy Chairman and Opposition Group Spokesman.

Public Document Pack Agenda Item 3

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 5 January 2022 commencing at 2.00 pm and finishing at 4.15 pm.

Present:

Voting Members: Councillor Roz Smith (Chair)
Councillor Brad Baines (Deputy Chair)
Councillor Donna Ford
Councillor Nick Leverton
Councillor Dan Levy
Councillor Ian Middleton
Councillor Michael O'Connor
Councillor Judy Roberts

Non-voting Members: Dr Geoff Jones

Other Members in Attendance: Cllr Calum Miller

By Invitation: None

Officers:

Whole of meeting Lorna Baxter, Director of Finance
Sarah Cox, Chief Internal Auditor
Anita Bradley, Director of Law and Governance

Part of meeting

Agenda Item	Officer Attending
Item 5/22	Tim Chapple, Treasury Manager
Item 7/22	Keith Stenning, Community Operations Tessa Clayton, Audit Manager Lucie Maycock, Customer & Culture
Item 8/22	Melissa Sage, Head of Procurement Contract Management

The Committee considered the matters, reports and recommendations contained or referred to in the agenda 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 [agenda, reports, and schedule/additional documents], copies of which are attached to the signed Minutes.

1/22 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were received from Councillor Ted Fenton and from Councillor Jane Murphy who was to have substituted for Councillor Fenton.

2/22 DECLARATION OF INTERESTS

(Agenda No. 2)

There were no Declarations of Interest.

3/22 MINUTES

(Agenda No. 3)

The minutes of the meeting of the Audit & Governance Committee of 17 November 2021 were agreed and the Chair was authorised to sign them as a correct record.

Actions

The following actions as set out in the minutes were noted –

Item 72/21 Update on Closure of Accounts 2021/22: The Director of Finance to circulate to Members of the Committee the value of non-current assets.

Item 75/21 Counter Fraud Update: The Director of Finance -

- (a) Had circulated to Members of the Committee information comparing the number of fraud cases referred by Oxfordshire County Council to the Police for investigation with the number of cases submitted by other local authorities to the Police for similar investigation.
- (b) A training session for Members of the Committee in relation to fraud cases, including definitions, terminology, and analysis of current fraud cases, had been included in the proposed Workshops Programme.

4/22 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

No petitions had been received and there had been no requests by Members of the Public to address the Committee.

5/22 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2022/23

(Agenda No. 5)

The Committee considered a report setting out proposed changes to the Treasury Management Strategy which would be referred to Council for approval, along with a recommendation that the Director of Finance, in consultation with the Leader of the Council and the Cabinet Member for Finance, be granted the necessary delegated authority in accordance with the proposed changes.

It was recommended that the Audit & Governance Committee endorse the Treasury Management Strategy for 2022/23 as outlined in the report.

Tim Chapple, Treasury Manager, presented the report.

In the subsequent discussion, the following points were raised.

- (a) The Chair noted that, in Paragraph 8 of the report, it stated that the introduction of a “Liability Benchmark” was set out in Paragraph 50 of the report. This was, in fact, set out in Paragraphs 51 *et seq.* of the report [under the subheading “Liability Benchmark”].
- (b) Regarding the “Changes from 2021/22 Strategy” (Paragraph 7 of the report), it was proposed that, following a review of the balance sheets for the current year, the long-term lending limit for 2022/2023 be increased from £185 million to £205 million.
- (c) The Council had used LIBOR as a benchmark of performance. As LIBOR ceased to exist on 1 January 2022, officers now used the Sterling Overnight Index Average (SONIA) as the interest rate benchmark.
- (d) If, under a LOBO (Lender Option Borrower Option) agreement, the lender chose to increase the rates under the loan agreement, the Council would repay the loan and seek alternative funding.
- (e) The proposed changes in the 2022-2023 strategy were based on projections of average cash balances over the medium term with just under 50 percent retained for long-term investments.
- (f) Regarding the Oxfordshire County Council Liability Benchmark 2022/23 [Page 18 of the agenda pack], this reflected the Council’s Capital Financing Requirement compared with actual external debt and the minimum borrowing requirement.
- (g) **Paragraph 16 “Forecast Treasury Portfolio Position”:** The “Average In-House Cash” i.e., net position, referred to in the table in Paragraph 16 included earmarked reserves; capital & development contributions; general balances; internal borrowing; adjustments for working capital; and deferred income, from which the average in-house cash position could be calculated.
- (h) **Paragraphs 22 & 100: Geopolitical Risks and Carbon Commitment:** As a lender, the Council’s portfolio was primarily with other local authorities. In April of this year the Council would review its Environmental, Social and Governance (ESG) strategy in accordance with the revised CIPFA Code of Practice. The ESG strategy would, in turn, be incorporated into the Council’s Treasury Management practices.
- (i) **Paragraph 29 Prudential Borrowing:** The phrase “borrowing for prudential borrowing” was tautologous and would be reworded.
- (j) **Paragraph 33 *et seq.* OxLEP Ltd:** The Council borrowed money on behalf of the LEP from the Enterprise Zone Business Rate which was collected by South Oxfordshire District Council on behalf of the Enterprise Zone thereby limiting the risk to the Council.

The Chair proposed, and it was **AGREED**, that a briefing for Members be provided with information about OxLEP Ltd and the Council’s role as the accountable body for OxLEP Ltd.

ACTION: Director of Finance to include a briefing on OxLEP Ltd. in the Programme of Workshops, and to invite Nigel Tipple, Chief Executive, OxLEP Ltd., to the briefing.

- (k) **Paragraph 30 et seq. Internal Borrowing:** There were risks attached to internal borrowing as it entailed using short-term cash flow to fund longer term projects. Accordingly, internal borrowing was constantly monitored.
- (l) **Paragraphs 93 & 94 Investment Training:** Regarding whether it was appropriate to allow persons with one year's relevant professional experience to make investment decisions on behalf of the authority, it was noted that this was in accordance with the Markets in Financial Instruments Directive (2004/39/EC) (MiFID). Given the experience within the Council's Treasury Management team, officers were satisfied with the requirements of MiFID.
- (m) **Paragraph 100 Carbon Commitment:** Consideration also had to be given to investments that may have a negative impact on the Council's carbon commitment.
- (n) **Oxfordshire County Council as Lender:** It was within the Council's statutory powers to lend to other local authorities. Although the loans were technically unsecured, there was a tacit guarantee with central government that, should a local authority cease to exist, it's liabilities would be passed on to the replacement authority.
- (o) **Paragraph 104:** Before lending to another authority, the Council carried out due diligence to ensure that it was appropriate, within the context of the Council's policies and strategies, to lend money to that authority.

RESOLVED: To endorse the Treasury Management Strategy for 2022/23 as outlined in the report.

6/22 **FINANCIAL MANAGEMENT CODE - SUMMARY COMPLIANCE ASSESSMENT**

(Agenda No. 6)

The Committee considered a report of the Director of Finance recommending that the Committee endorse the Assessment of Compliance against the Financial Management Code for 2021/22.

The report was presented by Lorna Baxter, Director of Finance.

In the subsequent discussion, the following points were raised in relation to Annex 1 "Financial Management Code of Practice – Summary Compliance Assessment 2021/22"

(a) **Reference: 1. CIPFA Financial Management Standards**

1A: There was no formal requirement to report to Cabinet and/or Council regarding Value for Money (VfM).

Services used benchmarking to inform opportunities to improve VfM and it was proposed that processes be put in place to improve the benchmarking system.

(b) **Reference: 5. Stakeholder Engagement and Business Plans**

5L: This was a new priority for the Council, and it was proposed that feedback from Engagement & Consultation would be used to inform the development of the Council's Strategic Plan.

(c) Each of the following references stated it was proposed further to develop the Business Management & Monitoring Report:

- **Ref. 2. Governance and Financial Management Style: Row E**
- **Ref. 3. Long to Medium-Term Financial Management: Row I**
- **Ref. 6. Monitoring Financial Performance: Row O**

The Director of Finance noted that the detail of how this was to be achieved was set out in the report and that Annex 1 extrapolated the key issues. It was proposed to improve the alignment of this information with budget information once the Strategic Plan had been agreed by Council.

(d) **Reference: 6. Monitoring Financial Performance**

6N: It was proposed that the Quarterly Capital Programme report by Finance officers, which focused predominantly on financial matters, should also include information on delivery of projects, programmes, and outcomes.

(e) **Reference: 2. Governance and Financial Management Style**

2D: The Director of Law & Governance stated that the updated Local Code of Governance had been finalised and would be submitted to the Committee.

RESOLVED: To endorse the Assessment of Compliance against the Financial Management Code for 2021/22.

7/22 INTERNAL AUDIT PLAN - PROGRESS REPORT

(Agenda No. 7)

The Committee considered a report by the Director of Finance updating the Committee on the Internal Audit Service, including resources, and completed and planned audits.

It was recommended that the Committee –

- (a) Note the progress with the 2021/22 Internal Audit Plan and the outcome of the completed audits; and
- (b) Note the Blue Badge Enforcement Strategy.

Sarah Cox, Chief Internal Auditor, presented the report.

In the subsequent discussion, the following points were raised.

- (a) Regarding Appendix 1: 2021/22 Internal Audit Plan Progress Report: Environment & Place (Page 49), a new system to ensure the accuracy of payments had been implemented and it was for this reason that the Highways Contract Management Audit would start in Q4.
- (b) The Red Flag next to GDPR: Information Audit (Pages 57 & 58) reflected weaknesses in the Asset Register Information which had now been addressed with officers looking at ways in which this might be improved.

The Chair proposed that this topic be referred to the Audit Working Group (AWG).

ACTION: Chief Internal Auditor to include GDP 2021/22 on AWG Forward Workplan.

(c) Keith Stenning, Community Operations, Oxfordshire County Council, provided information on the agency agreement between Oxfordshire County Council and West Oxfordshire District Council for the implementation, operation, and enforcement of the Blue Badge scheme.

(d) Payment Card Industry Data Security Standard (PCI DSS) 2021/22 (Pages 61 – 63):

Sarah Cox, Chief Internal Auditor, noted the complexities of PCI issues but stated she was satisfied that the Green RAG rating was appropriate.

(e) In response to questions about the misuse of Blue Badges on private land and the time spent on enforcement of the Blue Badge scheme compared with other local authorities, Mr Stenning noted that the Council had no enforcement powers on private land and enforcement in City Council car parks was determined by the arrangements between the County Council and the respective District Councils.

Regarding the time allocated to enforcement of the scheme, Tessa Clayton, Audit Manager, Oxfordshire County Council, stated that it varied considerably how much time individual local authorities spent on Blue Badge enforcement. Ms Clayton stated that officers were satisfied that the amount of time Oxfordshire County Council spent on enforcement was proportionate and would be reassessed, if necessary. She noted that time spent by Oxfordshire County Council on enforcement was about average when compared with other local authorities.

(f) Environment & Place Capital Programme – Major Infrastructure (Page 51): Ms Baxter, Director of Finance, stated that the 2021/22 internal audit had been deferred while a fundamental review took place and that this would be reviewed as part of the 2022/23 audit planning process.

(g) Mr Stenning apprised Members of the enforcement process in relation to blue badges and the Key Performance Indicators (KPIs) used to measure enforcement performance.

ACTION: Community Operations (KS) to provide Members with copies of the Blue Badge scheme KPIs.

(h) Officers reported on the misuse of Blue Badges either with or without the knowledge of the Blue Badge holder and the implications, thereof.

(i) **Fleet Management (Compliance) 2021/22:** Ms Cox updated the Committee on the Fleet Management Review and the measures that were being put in place to address concerns that had been identified.

The Chair proposed it would be appropriate for an update report on Fleet Management Compliance to be sent to the Audit Working Group.

ACTION: Chief Internal Auditor to include Fleet Management 2021/22 on the AWG Forward Workplan.

- (j) Revocation of Blue Badges: officers informed Members of the Committee about the policies and procedures for revoking Blue Badges.
- (k) **Blue Badges and ANPR¹ Enforcement:** Mr Stenning and Lucie Maycock, Customer & Culture, Oxfordshire County Council, advised Members that Blue Badges were not registered to specific vehicles, and the implications this had for enforcement and penalty notices in relation to the Blue Badge scheme.

RESOLVED: to –

- (a) Note the progress with the 2021/22 Internal Audit Plan and the outcome of the completed audits; and
- (b) Note the Blue Badge Enforcement Strategy.

8/22 PROVISION CYCLE IMPLEMENTATION UPDATE

(Agenda No. 8)

The Committee considered a report of the Director for Law & Governance updating the Committee on the progress of the Procurement Hub since the recent transformation activities.

It was recommended that the Committee –

- (a) Note the update and improvements made to the Procurement Hub in the last year since the restructure; and
- (b) Endorse and confirm completion of the Action Plan as detailed in Annex 1. Team

Anita Bradley, Director for Law & Governance, and Melissa Sage, Head of Procurement Contract Management, presented the report.

In the subsequent discussion, the following points were raised.

(a) The Chair referred to the following matters –

- That she would like to see a copy of the Procurement Handbook (“the Handbook”), referred to in Paragraphs 7 & 8 of the report;
- That the Handbook be referred to the Audit Working Group to review the recommendations of PWC when asked to design the Handbook and what had been omitted from the present version of the Handbook;
- Publication of the Government’s procurement proposals [in response to Brexit].

Ms Sage stated that a government Green Paper² had been published last year on public procurement and that the consultation on the proposals set out in the Green Paper had now concluded, but that there would be no further developments before April 2023.

(b) The Handbook was a live document that would evolve and be updated as necessary.

¹ Automatic Number Plate Recognition

² [Transforming Public Procurement](#)

- (c) **Governance, Delegations & Decision-Making, Including Key Decisions (Governance Review):** involving sums of £1 million or more (Page 82) would be taken in consultation with Members.

Decisions regarding the delegation of authority to officers were included in the Constitutional Review which would be submitted to Council. The Chair asked that Members refer any comments they might have on this subject to the Constitutional Review Working Party.

- (d) Regarding challenges to the procurement process (Page 74, Paragraph 10), Ms Sage confirmed that, other than some letters of enquiry about processes and procedures, there had been no challenges.
- (e) **Annex 1 Management Action Plan (Page 83), Row 5 “Briefing of Portfolio Holders (interface with Members):** regarding the reference to “Portfolio Holder/Director briefing protocol to be agreed”, under the heading “Activity”, Ms Bradley stated that this was not a written protocol but rather a reflection of the provisions and expectations set out in the Council’s Constitution.
- (f) Ms Sage noted that the Procurement Handbook was an operational manual for Procurement officers and did not detail schemes of delegation which were set out elsewhere.
- (g) A report on the Social Value Policy (Paragraph 13) would be submitted to Cabinet in February and a report on the Council’s Procurement policy would be submitted to Council in the next few months. Accordingly, the Procurement Handbook and the Social Value Policy would be incorporated into that report.

Once a First Draft of the Procurement Policy report had been prepared, Members would be invited to comment on the draft report. Regarding the Social Value Policy, the relevant Portfolio Holder had been consulted on the content of this policy.

- (h) Regarding the use of the word “accountable” in relation to officers (Page 81), Ms Bradley stated that this referred to accountability of officers to Members, and to their Service Directorate, and not to a financial liability on the part of officers.

RESOLVED: to –

- (a) Note the update and improvements made to the Procurement Hub in the last year since the restructure; and
- (b) Endorse and confirm completion of the Action Plan as detailed in Annex 1.

9/22 CONSTITUTION REVIEW UPDATE

(Agenda No. 9)

The Committee considered a report by the Director of Law and Governance and Monitoring Officer updating the Committee on the Review of the Council’s Constitution, and the work of the Constitution Review Working Group.

It was recommended that the Committee note the –

- (a) Progress made to date with the Constitution Review;
- (b) Concerns of the Constitution Review Working Group around delivery of a new Constitution by the end of March 2022; and

- (c) The proposal to extend the deadline [for delivery of a new Constitution] until 31 July 2022.

Anita Bradley, Director of Law and Governance, presented the report.

In the subsequent discussion, the following points were raised.

- (a) There were statutory provisions relating to local authority constitutions. However, it was proposed that the constitution should reflect the local authority and, therefore, officers were consulting with Members of the Constitution Review Working Group on the appropriate style and content for Oxfordshire County Council's Constitution. In so doing, Members were being shown several examples of local authority constitutions.
- (b) To resolve any anomalies and inconsistencies that might emerge because of the drafting process, Ms Bradley proposed that she be given delegated authority to resolve any anomalies and inconsistencies.

RESOLVED: To –

- (a) Approve the report's recommendations; and
- (b) That the Director of Law & Governance be granted the necessary delegated authority to reconcile any anomalies and contradictions that might arise during redrafting the Council's constitution.

10/22 APPOINTMENT OF INDEPENDENT PERSONS

(Agenda No. 10)

The Committee considered a report by the Director of Law and Governance and Monitoring Officer recommending that the Committee approve the proposed approach for recruiting and appointing two Independent Co-opted Members to the Committee, as set out in the report.

Anita Bradley, Director of Law and Governance, presented the report, noting that the report referred to the Redmond Review published in 2020 on the arrangements in place to support the transparency and quality of Local Authority Financial reporting.

In the subsequent discussion, the following points were raised.

- (a) Local authorities who had not appointed Independent Members were now addressing this issue in response to the [Redmond](#) review and CIPFA guidelines.
- (b) Given the complexity of the recruitment exercise, it was proposed that the Council should advertise for the appointment of two Independent Members.
- (c) Officers were of the view that it was appropriate to appoint two Independent Members as to appoint more may result in a dilution of the duties and responsibilities of Committee Members.
- (d) Staggering the appointments would afford the opportunity to retain the knowledge and experience of the current Independent Member, Dr Jones, should he wish to stand for reappointment, while providing continuity when appointments ended.
- (e) It would be advantageous to appoint an Independent Member who had no connections with the County Council or the District Councils.

- (f) It was recommended Best Practice that, to retain the independent perspective and willingness to challenge norms that an Independent Co-opted Member brought to their role, Independent Members should not be allowed to remain in post for so long that they lost their “independence”.
- (g) It would make sense to retain the experience of the current Independent Member, while recruiting a new Independent Member for the reasons set out in the Best Practice guidelines.
- (h) In response to a proposal by the Chair, Ms Bradley confirmed that, as the Monitoring Officer, both she and Ms Baxter, as the Section 151 Officer, had no objection to any appointment as an Independent Member being for a period of four years to allow the Independent Member(s) sufficient time to develop knowledge and experience of the role such that they could make a meaningful contribution to the work of the Committee.
- (i) Once an initial recruitment exercise had been carried out, officers could report back to the Committee on the response to the recruitment exercise and on more detailed matters such as the recommended terms of any appointment.
- (j) It may be preferable to appoint any Independent Member(s) for a period of two years, subject to possible extension of the term of office, to determine if they were competent in their role as an Independent Member(s).
- (k) Subject to confirmation, it was understood that Dr Jones’s term of office as the Committee’s Co-opted Independent Member expired in May of this year.
- (l) It was for the Committee to determine the number of years of any appointment and whether it would wish to reappoint Dr Jones should Dr Jones wish to reapply.
- (m) It was confirmed that Dr Jones had been an Independent Co-opted Member of the Committee for over 15 years.
- (n) It was noted that Cherwell District Council was also appointing an Independent Co-opted Member and that, to optimise the independence of the Independent Co-opted Member, this should not be the same person for both authorities.

RESOLVED: to approve the proposed approach for recruiting and appointing two Independent Co-opted Members to the Committee.

11/22 AUDIT WORKING GROUP REPORT

(Agenda No. 11)

The Committee considered a report by the Director of Finance summarising the proceedings of the Audit Working Group (AWG) meeting on 15 December 2021. It was recommended that the Committee note the report. The report was presented by Dr Geoff Jones, Chair of the AWG.

In the ensuing discussion, it was noted that it had been proposed that the HF1 Didcot Infrastructure and A40 HIF2 Smart Corridor projects, which had been discussed at the last meeting of the AWG, be given further consideration by the AWG at a meeting to be convened before the end of January.

ACTION: The Chair, Director of Law and Governance, and Finance Officers to canvass for a suitable date for a meeting of the AWG in January 2022.

RESOLVED: To note the report.

12/22 WORK PROGRAMME 2021/22

(Agenda No. 12)

The Committee considered the Audit & Governance Committee Work Programme 2021/2022. The Programme was presented by Sara Cox, Chief Internal Auditor. It was noted that, attached to the report was a Draft Audit & Governance Committee 2022 Training & Briefing Programme.

Regarding the Training & Briefing Programme, which had been aligned with the Committee meeting dates, Ms Cox raised the issue of when Members might wish to undertake their self-assessment exercise in accordance with the CIPFA guidelines for Audit Committee Members. Once this was known, a suitable date would be added to the Audit & Governance Committee calendar.

It was noted that the Local Code of Corporate Governance report (see Item 6/22(e) above) would be submitted to the next meeting of the Committee on 16 March 2022.

NOTED

The meeting ended at 4.15 pm.

..... in the Chair

Date of signing

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Public Document Pack

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 16 March 2022 commencing at 2.00 pm and finishing at 4.45 pm.

Present:

Voting Members: Councillor Roz Smith – in the Chair
Councillor Brad Baines (Deputy Chair)
Councillor Dan Levy
Councillor Ian Middleton
Councillor Michael O'Connor
Councillor Judy Roberts
Councillor Ted Fenton
Vacancy Co-Optee
Dr Geoff Jones

Non-Voting Members: Dr Geoff Jones

Other Members in Attendance: Councillor Calum Miller

By Invitation: None

Officers:

Whole of meeting Lorna Baxter, Director of Finance
Sarah Cox, Chief Internal Auditor
Richard Quayle, Chief Accountant
Tessa Clayton, Audit Manager
Anita Bradley, Director of Law and Governance

Part of meeting

Agenda Item Officer Attending

Item No. 9 Helen Mitchell, Scrutiny Officer

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with and decided as set out below.

Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports [agenda, reports, and schedule/additional documents], copies of which are attached to the signed Minutes.

13/22 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were received from Councillor Nick Leverton.

Correction

The Chair noted that there was a mistake on the face of the agenda where it stated, under "Membership", that there was a vacancy. This was not correct and was an error in the agenda template which had not been corrected when the agenda was published.

14/22 DECLARATION OF INTERESTS

(Agenda No. 2)

No Declarations of Interest were received.

At this point in the proceedings, the Chair took the opportunity to welcome Mr Richard Quayle, Chief Accountant, Oxfordshire County Council, to his first meeting of the Audit & Governance Committee.

15/22 MINUTES

(Agenda No. 3)

The Chair noted that the minutes that had been published with the agenda and reports for the meeting required amendment to reflect officers' comments on the initial draft of the minutes. Therefore, she proposed that the Committee defer consideration of the minutes until the next meeting of the Committee.

[The Chair noted that Councillor Calum Miller had been present for most of the last meeting and that the amended minutes should reflect his attendance at the meeting].

AGREED

16/22 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were none.

17/22 AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT

(Agenda No. 5)

The Audit & Governance Committee considered a report by the Director of Finance. In accordance with The Chartered Institute of Public Finance & Accountancy (CIPFA) Audit Committee Guidelines for Local Authorities 2018, it was recommended practice for an annual public report to be produced and reported to Full Council demonstrating how the Committee had discharged its responsibilities.

It was recommended that the Audit & Governance Committee review the draft report, agree any amendments, and finalise the report in preparation for a presentation to Council by the Chair of the Audit & Governance Committee.

Sarah Cox, Chief Internal Auditor, Oxfordshire County Council, presented the report.

In the subsequent discussion, the following points were raised.

(a) Regarding the final Paragraph on Page 30 of the report, which stated –

"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.”,

the Director of Law and Governance confirmed that Councillors did not have an unfettered right to access information held by the Council and it may be necessary for a Councillor to demonstrate a “need to know” before they may be granted access to certain types or categories of information.

(b) In response to a query raised by Councillor Roberts regarding the attendance of the external auditors, Ernst and Young (EY) on Page 23 of the report, it was noted that it had been expected that EY representatives would attend this meeting of the Committee. However, an administrative oversight in the preparation of the agenda had necessitated deferring EY's attendance to the next meeting of the Committee.

(c) Regarding Paragraph 39 on Page 27 of the report where it stated –

“To grant dispensations to councillors and co-opted members from the requirements relating to interests set out in the code of conduct for members”,

the Director of Law and Governance noted that dispensations were rare notwithstanding it had been anticipated with the introduction of the Localism Act 2011 that dispensations might become more commonplace. She then noted the implications of granting dispensations before outlining the difficulties of granting dispensations in accordance with the provisions of Schedule 12A of the Local Government (Access to Information) Act 1985 and how this worked in practice.

(d) Regarding Paragraph 40 of the report which stated –

“To receive a report from Member-Officer Standards Panels appointed to investigate allegations of misconduct under the Member's “Code of Conduct”,

the Director of Law and Governance stated that, in her capacity as Monitoring Officer, her role would be limited and would not necessarily form part of the formal review process. However, she would be willing to consider how her involvement in the process might be made more transparent while restricting sensitive information entering the public domain.

At this stage, the Chair drew the discussion to a close and proposed that the recommendation in the report be amended to read, as follows –

“The Audit & Governance Committee is RECOMMENDED to delegate the final report text to the Chief Internal Auditor in consultation with the Chair of the Audit & Governance Committee before presenting the report to Full Council.”

AGREED

18/22 GOVERNMENT'S MEASURES TO IMPROVE LOCAL AUDIT DELAYS

(Agenda No. 6)

The Audit & Governance Committee considered a report by the Director of Finance in which it was reported that the government was continuing to prioritise measures to improve timeliness and support capacity as part of the response to the [Redmond Review](#) on Local Authority financial reporting and external audit.

In January 2021, Catherine Frances, the Director General Local Government at the Department for Levelling Up, Housing and Communities (DLUHC) wrote to Directors

of Finance setting out a package of measures to help get the timeliness of local audit back on track.

Key measures the Department had committed to were:

- (a) Providing councils with additional funding over the next Spending Review period to support the cost of strengthening financial reporting and increased audit requirements;
- (b) Strengthening training and qualification options for local auditors and audit committee members;
- (c) Reviewing whether certain accounting and audit requirements could be reduced on a temporary basis; and
- (d) Extending 2021/22 audit deadline to 30 November 2022, and then 30 September until 2027/28.

It was recommended that the Audit & Governance Committee note these key measures.

Lorna Baxter, Director of Finance, presented the report.

In the subsequent discussion, the following points were raised.

- (a) Referring to Paragraph 9 of the report under the subheading “Measures Relating to Local Bodies and Quality of Accounts Preparation”, the Chair noted that the Department for Levelling Up, Housing and Communities (DLUHC) proposed funding of £45 million over the course of the next Spending Review to support local authorities was for all English local authorities and would not cover the Council’s costs.

- (b) In response to a question as to how the money would be spent, Ms Baxter stated that the money would likely go towards the additional audit fee.

Regarding how the accounts were prepared each year, she proposed that, within existing constraints, the focus should be on getting more and better information from the external auditors. In so doing, she referred to Paragraph 8 of the report, under the subheading “Measures Relating to Audit Firms and Timely Completion of Audit Work”, which referred to how the Chartered Institute of Public Finance and Accountancy (CIPFA) might assist in increasing the number of qualified auditors.

- (c) Regarding the prioritisation of Oxfordshire County Council (OCC) for auditing, Ms Baxter stated that this was based, in part, on size (compared to auditing smaller District Councils); history (OCC being an authority with a record of preparedness for auditing); and OCC being an authority with a track record of having its accounts duly signed off.
- (d) Regarding Property, Plant & Equipment (PPE), Lorna Baxter stated that, until the 2020/21 accounts were assigned, there was very little that could be done on any aspect of the 2021/22 accounts.

As there were no more questions, the Chair drew the discussion to a close. She then asked if the Committee was prepared to approve the recommendation which was to note the Key Measures set out in Paragraph 3 of the report.

AGREED

19/22 SCALE OF ELECTION FEES 2022-23

(Agenda No. 7)

The Audit & Governance Committee considered a report by the Corporate Director Commercial Development, Assets and Investment in which it was noted that the County Returning Officer was responsible for the conduct of the County Council elections and by-elections.

Expenditure properly incurred by the Returning Officer was paid by the Council and, as such, a scale of expenses was set as a guide to such expenditure. The scale of expenses set out in the Annex to the report would be applicable to any by-elections held within the 2022/23 financial year.

In accordance with the Council's practice, a review had been undertaken in consultation with the County, City, and District Council election specialists in Oxfordshire who assisted the Returning Officer in running the County Council's elections and by-elections. The District Councils would use this scale when acting on behalf of the Returning Officer and were generally mindful of the County Council's scale of expenses when setting their own scales of expenses.

The scale had been brought to the Committee in the interests of transparency for this area of election governance.

The Audit and Governance Committee was recommended to note the Scale of Election Expenses for the financial year 2022/23 for any poll associated with the County Council during the year.

Anita Bradley, Director of Law and Governance, presented the report. In so doing, she declared an interest as the Council's Returning Officer.

In the subsequent discussion, the following points were raised.

- (a) Ms Bradley, in response to several questions, clarified certain details set out in various sections the table presented in the report that was before the Committee.
- (b) In response to a question about the fees referred to in the report reflecting the "Oxford Living Wage", Ms Bradley stated that this was a matter for the Council to determine and not one for her in her role as Monitoring Officer. She also noted the legal position regarding her liability as the Returning Officer and the requirements to be suitably indemnified.
- (c) In response to a question about the level of fees, Ms Bradley stated that the fee levels were based on historical data and they were within her gift. She went on to say that she had had brought this report before the Committee in the interests of transparency and to ensure that Committee Members were aware of the process and how fee levels were fixed.

It was her view that the fee levels were reasonable, proportionate, and sufficiently financially attractive to encourage enough persons to perform these roles when required.

- (d) Regarding the Note on Page 44 of the report, which stated –

"Where there is any combination of poll with District or Parish Councillors, wherever appropriate and as far as practicable, the costs are to be shared on an equal basis between the relevant Authorities, unless a particular expense can be allocated to a specific poll."

Ms Bradley noted that there were different statutory provisions governing the organisation of, and remuneration in relation to, local and other elections and that there was a rigorous process involving central and local government in determining the allocation of costs in relation to both local and national elections. She confirmed that she would need to seek clarification on whether the County Council could, beyond its statutory obligations, subsidise any other elections.

- (e) Regarding by-elections, Ms Bradley stated that there was contingency funding for by-elections. However, should that contingency fund not be sufficient, it may be necessary to seek additional funding.

Ms Baxter confirmed that, in the last 8 to 10 years, the reserve fund had been more than sufficient to meet the costs of local by-elections.

The Chair proposed that the Committee agree the report's recommendations.

AGREED

20/22 COUNTER FRAUD UPDATE

(Agenda No. 8)

The Audit & Governance Committee considered a report by the Director of Finance presenting a summary of activity in relation to the Counter Fraud Plan for 2021/22 which had been presented to the Audit & Governance Committee meeting in July 2021.

The Counter Fraud Plan supported the Council's Anti-Fraud and Corruption Strategy by ensuring the Council had proportionate and effective resources and controls in place to prevent and detect fraud as well as investigating matters that might arise.

It was recommended that the Audit & Governance Committee note the summary of activity against the Counter Fraud Plan 2021/22.

The report was presented by Sara Cox, Chief Internal Auditor.

The Chair referred to Paragraph 7 of the report, "National Fraud Initiative" (NFI), noting the number of Blue Badges and Concessionary Travel Passes that had been cancelled and the estimated future loss to the Council that had been prevented because of the cancellations. She also noted that, on the death of a Blue Badge or Concessionary Travel Pass holder, there was a requirement that the relevant authorities were informed of the holder's death and that the holder's Blue Badge or Concessionary Travel Pass was cancelled.

In the subsequent discussion, the following points were raised.

- (a) As part of the On Street Enforcement Exercise, there was a detailed Enforcement Plan which set out procedures to be followed in seizing and/or returning Blue Badges.

ACTION: Officers to consider publishing the Enforcement Plan and any appeals procedures on the Council website.

- (b) Referring to Paragraph 4: Key Performance Indicators & Trends, it was confirmed that the number of investigations and cases was consistent with the number of cases in previous years. In addition, the outcomes of the investigations that had been conducted was in accordance with officers' expectations.

It was proposed that the statistics presented in Paragraph 4 of the report were indicative of there being strong controls and processes in place.

- (c) The financial value to the holder of a Blue Badge or a Concessionary Travel Pass was calculated nationally based on parking and travel fees that were waived for holders of a Blue Badge or a Concessionary Travel Pass.
- (d) Regarding levels of abuse of the Blue Badge Scheme, it was anticipated that, as the On Street Parking Enforcement Exercise progressed, and work was carried out with Blue Badge Enforcement Officers, Blue Badge “hot spots” would be identified, and the necessary enforcement action taken.
- (e) Regarding “New Cases by Referral Source”, category referred to in the report, it was noted that “whistleblowing” cases could originate from several sources including Members of the Public, Service Providers and Council employees. It was whether the case met the definition of whistleblowing that determined how it was categorised.
- (f) Regarding fraud within schools, if the school concerned was a maintained school, responsibility for investigating the fraud and any loss because of fraud would lie with the Council as the Local Education Authority.

In bringing the discussion to a close, the Chair thanked officers for the work carried out in relation to Counter Fraud Plan 2021/22.

RESOLVED: to note the summary of activity against the Counter Fraud Plan for 2021/22.

21/22 OPERATION EDIFICE INVESTIGATION (AGENDA ITEM NO. 9)

(Agenda No. 9)

The Chair stated that, as the Appendix to the report contained Exempt Information as defined by schedule 12A of the Local Government Act 1972 (as amended), she was going to move the item to the end of the agenda and move that the Press and the Public be excluded from the meeting during consideration of the Item.

22/22 PROPOSED OXFORDSHIRE CODE OF CONDUCT

(Agenda No. 10)

The Audit & Governance Committee considered a report by the Director of Law and Governance in which it was noted that Oxfordshire County Council, in accordance with the provisions of the Localism Act 2011, had adopted a Members' Code of Conduct (“the Code”).

In response to a report by the Committee on Standards in Public Life (CSPL), the Local Government Association (LGA) published a Model Member Code of Conduct, the latest version of which had been updated in May 2021. It had subsequently been agreed by the Monitoring Officer of each Oxfordshire authority and the Oxfordshire Association of Local Councils to adopt an amended Members Code of Conduct using the Model Member Code of Conduct produced by the LGA.

Accordingly, it was recommended that the Audit & Governance Committee recommend to Full Council that it –

- (a) Adopt a revised Councillor’s Code of Conduct based on the LGA Model Member Code of Conduct (“the Code”); and

(b) That the revised Code be implemented from 1 May 2022.¹

The Director of Law and Governance, Anita Bradley, presented the report.

In the subsequent discussion, the following points were raised.

- (a) In response to a question regarding Councillors undertaking training as set out in Paragraph 6.8.1 of the proposed Code of Conduct, it was recommended that it was for Full Council to set the requirements regarding training, and it would be the officer's recommendation that each Member of the Council undertake training on the new Code of Conduct at least once during their four-year term of elected office.
- (b) Regarding Paragraph 7.3 of the proposed Code of Conduct: Non-Registerable Interests, Ms Bradley stated that, in her opinion, a person's employment details were a disclosable pecuniary interest, the relevance of which was dependent upon the facts and particular circumstances of the case.
- (c) Every local authority was required to have a Members' Code of Conduct. In the case of Oxfordshire County Council, the Members' Code of Conduct was incorporated into the Council's Constitution's and was part of the Council's overall governance framework.
- (d) Regarding Paragraphs 6.7.1 and 6.7.2 regarding use of Council resources, Ms Bradley stated that Paragraph 6.7.1 was a statement of fact which was augmented by Paragraph 6.7.2.
- (e) As Oxfordshire County Council no longer had a Standards Committee, it was the responsibility of the Audit & Governance Committee, on the recommendations of the Monitoring Officer, to maintain standards of governance.
- (f) Regarding Paragraph 8: Code of Conduct - Gifts and Hospitality, Ms Bradley clarified the provisions of Paragraphs 8.1 to 8.3 which were intended to cover all eventualities in relation to the giving and acceptance of gifts and hospitality and the test to be applied when considering whether to accept a gift and/or hospitality.
- (g) Regarding the interpretation of the provisions of Paragraph 7.3: Non-Registerable Interests, Ms Bradley said it was for Members to apply the natural and ordinary meaning of the wording in the paragraph and, if in doubt, to seek the advice of the Monitoring Officer.

RESOLVED: To approve the revised recommendation, as follows:

That the Audit & Governance Committee recommend to Full Council that it –

- (a) Adopt a revised Councillor's Code of Conduct based on the LGA Model Member Code of Conduct ("the Code"); and
- (b) That the revised Code be implemented from 1 May 2022.

¹ This was a revised recommendation by the Director of Law and Governance, the original recommendation being that the Audit and Governance Committee adopt the revised Councillor's Code of Conduct at Appendix (1) [of the report] for implementation from 1 May 2022.

23/22 REPORT OF THE AUDIT WORKING GROUP

(Agenda No. 11)

The Audit & Governance Committee considered a report by the Director of Finance which noted that the Audit Working Group (AWG) had met on 24 January 2022. The AWG had received a briefing from Senior Officers, regarding assurances over the robustness of the processes in place to manage the revised timescales and increased costs in relation to the Housing Infrastructure Funding (HIF) 1 programme.

It was recommended that the Audit & Governance Committee note the report.

In the subsequent discussion, the following points were raised.

- (a) It was noted that Cllr Enright, the Cabinet Member for Travel and Development, who was not a Member of the AWG, had observed the meeting of the AWG on 24 January 2022, but had not been included in the list of Members present at the meeting.
- (b) There was no reference in the report to when further action and/or monitoring should take place. Therefore, the Committee, may wish to consider a report back to the AWG in six months' time.

It was noted that there were other groups looking at the HF1 project and it would be appropriate for the AWG to link into those other groups.

Sarah Cox, Chief Internal Auditor, stated that the Forward Plan for the Audit & Governance Committee ("the Committee") would include reports updating the Committee on progress on, and risks associated with, HF1. Accordingly, the Committee could request an update report at a time when this might be appropriate.

- (c) Dr Geoff Jones, Chair of the AWG, proposed that the Committee could request that there was a report back to the AWG no later than one year from now.

RESOLVED: To –

1. Note the report; and
2. Request that there be a report to the AWG on the progress and/or monitoring of the HF1 project no later than March 2023.

24/22 REVIEW OF AUDIT WORKING GROUP TERMS OF REFERENCE

(Agenda No. 12)

The Audit & Governance Committee considered a report by the Director of Finance setting out the role and functions of the Audit Working Group (AWG) in reviewing in detail matters of governance, risk, and control on behalf of the Audit & Governance Committee ("A&G Committee"). It was noted that the AWG supported the A&G Committee in discharging its responsibilities.

Annually the Terms of Reference of the AWG were reviewed by the A&G Committee. As part of the Annual Review, the A&G Committee was asked to consider proposed revisions to the operational arrangements of the AWG.

It was recommended that the A&G Committee agree the proposed revisions to the operation of the AWG, as set out in the report, and any subsequent revisions to the AWG Terms of Reference that might be required.

Sarah Cox, Chief Internal Auditor, presented the report.

Dr Geoff Jones, Chair of the AWG, described the operation of the AWG, identifying, as he did so, key issues and concerns and how the AWG might operate within the framework of the proposed Terms of Reference.

In the subsequent discussion, the following points were raised.

(a) Regarding the appointment of Independent Members to the Audit & Governance Committee, the Director of Law and Governance, Anita Bradley, stated that she anticipated reporting to Full Council in July of this year on proposals for making these appointments.

(b) Regarding the proposal in Annex 1: Audit Working Group Terms of Reference where it stated under the heading "Confidentiality" –

"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 (Part 9.3) shall apply",

the Chair proposed that the A&G Committee accept the proposed wording in the knowledge that the Constitutional Review Working Group had yet to complete his work and that the A&G Committee would have a further opportunity to review the wording.

(c) Regarding the proposal that the Chair of the Committee should also chair the AWG, as set out in Paragraph 4 of the report, it was proposed that this suggestion be kept under review.

RESOLVED: That that the A&G Committee –

1. Agree the proposed revisions to the operation of the AWG and any subsequent revisions to the AWG Terms of Reference that might be required; and
2. That the proposal that the Chair of the Audit & Governance Committee be appointed Chair of the AWG, be kept under review.

25/22 WORK PROGRAMME 2021/22

(Agenda No. 13)

Item withdrawn.

26/22 RESOLUTION TO EXCLUDE THE PRESS AND THE PUBLIC FROM THE MEETING

Under section 100A of the Local Government Act 1972, the Press and the Public be excluded for the following item of business on the ground that, if the Press and Public were present, it would be likely that exempt information falling under the provisions of Schedule 12A of the Local Government Act 1972, would be disclosed to them and, in the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The motion was moved by the Chair and seconded by the Vice Chair.

RESOLVED: To approve the motion to exclude the Press and the Public from the meeting during consideration of the following Item of Business.

27/22 SUMMARY OF ITEMS CONSIDERED WHILE THE PRESS AND THE PUBLIC WERE EXCLUDED FROM THE MEETING

OPERATION EDIFICE INVESTIGATION REPORT

(Agenda Item No. 9)

The Audit & Governance Committee considered a report by the Director of Finance presenting a summary of the investigation named “Operation Edifice” conducted by the Council’s Counter Fraud Team from September 2020 and which had been overseen by the Corporate Director Commercial, Development, Assets & Investment’s (CDAI).

The investigation reviewed issues surrounding engagement of suppliers and practices within the Facilities Management Department and the construction of a Temporary Place of Rest (TPOR).

There were multiple strands to the investigation and some of the issues had been substantiated. The investigations into the various strands had now been completed and the report was the last stage in concluding the investigation.

One strand of the investigation regarding a supplier had been referred to the Police.

Improvement actions had been identified and addressed, as shown in the Action Plan in Annex 1 of the report.

Changes implemented within Facilities Management, including restructuring the Joint Property Transformation Programme and the Provision Cycle, addressed concerns raised by the investigation.

It was recommended that the Audit & Governance Committee –

1. Note the findings from the ‘Operation Edifice’ investigation; and
2. Consider the management response and Action Plan resulting from the investigation [set out] in Annex 1 [of the report].

RESOLVED: To –

1. Approve the report’s recommendations; and
2. Request that the Audit & Governance Committee be provided with:
 - Information on the restructure of the Facilities Management Service; and
 - A copy of the [Officer] Procurement Handbook.

The meeting ended at 4.45 pm.

..... in the Chair

Date of signing

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By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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AUDIT AND GOVERNANCE COMMITTEE

11 MAY 2022

ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR

Report by Sarah Cox, Chief Internal Auditor

RECOMMENDATION

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

Executive Summary

2. This is the annual report of the Chief Internal Auditor, summarising the outcome of the Internal Audit work in 2021/22, and providing an opinion on the Council's System of Internal Control. The opinion is one of the sources of assurance for the Annual Governance Statement.
3. The basis for the opinion is set out in paragraphs 22 – 35, followed by the overall opinion for 2021/22 which is that there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control. It is positive to note that the number of audits reporting significant weak internal controls and graded overall Red, has reduced over the last few years from five in 2018/19, two in 2019/20, one in 2020/21 and one* (see paragraph 38) in 2021/22.

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”. The next external assessment is due Winter 2022.

13. The Monitoring Officer last conducted a survey of Senior Management on the effectiveness of Internal Audit in 2019. 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 was planned for 2021/22. This was not completed during 2021/22 but has been flagged for 2022/23.
14. The Internal Audit Strategy and Annual Plan for 2021/22 was presented to the June 2021 Audit and Governance Committee. The Committee then received quarterly progress reports from the Chief Internal Auditor, 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 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 2021/22 the Internal Audit Service was delivered by an in-house team, supported with the specialist area of IT audit. From April 2020 under a joint working arrangement the team also provided the Internal Audit Service to Cherwell District Council. This has enabled us to build a more sustainable team with the skills and capacity resilience to help embrace current and future challenges. 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. 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.
21. It is a requirement to notify the Audit and Governance Committee of any conflicts of interest that may exist in discharging the internal audit activity. There are none to report for 2021/22.

Opinion on System of Internal Control

Basis of the Audit Opinion

22. The 2021/22 revised plan has been completed, subject to 4 audits at draft report stage which will be finalised during May.
23. The plan is intended to be dynamic and flexible to change. 26 audits were undertaken in the year (22 in 2020/21). Since the last report of amendments to the plan at the January 2022 Audit and Governance Committee meeting, there have been 3 further amendments; 2 audits (Direct Payments, deferred until Q1 of 2022/23 and Family Solutions Plus) were removed from the Q4 internal audit plan due to unforeseen resourcing issues, with a Senior Auditor being on long term sickness absence. The third audit, (Music Service follow up) was started, however due to staff sickness within the service it was agreed to defer the completion until May 2022. These amendments are recorded in appendix 1, with the 2021/22 plan update.
24. The completed internal audit activity and the monitoring of audit actions through the action tracker system enable the Chief Internal Auditor to provide an objective assessment of whether systems and controls are working properly. In addition to the completed internal audit work, the Chief Internal Auditor also uses evidence from other audit activity, including counter-fraud activity, and attendance on working groups e.g., Corporate Governance Assurance Group.
25. In giving an audit opinion, it should be noted that assurance can never be absolute; however, the scope of the audit activity undertaken by the Internal Audit Service is sufficient for reasonable assurance, to be placed on our work.
26. A summary of the work undertaken during the year, forming the basis of the audit opinion on the control environment, is shown in Appendix 1.

27. Of the 26 audits undertaken for 2021/22, one* (see paragraph 38) was graded as RED: Facilities Management – Cleaning Asset Management. In 2020/21, one audit was graded red, in 2019/20, two audits were graded as Red and in 2018/19 five were graded Red. (See also paragraph 36 for trend analysis on individual audit overall conclusions)
28. The overall opinion for each audit, highlighted in appendix 1, is the opinion at the time the report was issued. The internal audit reports contain management action plans where areas for improvement have been identified, which the Internal Audit Team monitors the implementation of by obtaining positive assurance on the status of the actions from the officers responsible. The current status of those actions is also highlighted in appendix 1, for each audit. Reports on outstanding actions have been routinely reported to Directorate Leadership Teams, Senior Leadership Team (formally CEDR – Chief Executive Direct Reports) and the Audit Working Group. The Chief Internal Auditor's opinion set out in below takes into account the implementation of management actions.
29. As part of governance arrangements developed when Oxfordshire County Council joined the Hampshire Partnership in July 2015, it was agreed that the Southern Internal Audit Partnership (SIAP) would provide annual assurance to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out by the partnership, via the Integrated Business Centre (IBC). Due to the onboarding of three additional partners, since 2019/20 the assurance arrangements were amended. The Hampshire Partnership/IBC commissioned Ernest and Young (EY) to undertake a Service Organisation Controls review under International Standard on Assurance Engagements (ISAE 3402). (This provides a framework for reporting on the design and compliance with control objectives related to financial reporting. In addition to this Partners can separately take a view on any additional risk-based pieces of assurance work that could be commissioned from SIAP covering any core elements of the control environment.
30. The ISAE 3402 report covering both the design and operating effectiveness of the internal control environment for 2021/22 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.
31. The anti-fraud and corruption strategy remains current and relevant. In 2021/22 the Audit and 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.
32. Internal Audit continue to manage the National Fraud Initiative data matching exercise which is completed once every two years. Key matches are investigated, and results are reported to the Audit & Governance Committee in the quarterly updates.

33. It should be noted that it is the responsibility of management to operate the system of internal control, not internal audit's responsibility. Furthermore, it is management's responsibility to determine whether to accept and implement recommendations made by internal audit or, alternatively, to recognise and accept risks resulting from not taking action. If the latter option is taken by management, the Chief Internal Auditor would bring this to the attention of the Audit and Governance Committee.
34. 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.
35. In arriving at our opinion, we have taken into account:
- The results of all audits undertaken as part of the 2021/22 audit plan;
 - The results of follow up action taken in respect of previous audits;
 - Whether or not any priority 1 actions have not been accepted by management - of which there have been none;
(Priority 1 = Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management. Priority 2 = Significant issue that requires prompt action and improvement by the local manager)
 - The effects of any material changes in the Council's objectives or activities.
 - Whether or not any limitations have been placed on the scope of Internal Audit – of which there have been none.
 - Assurance provided by ISAE 3402 report, covering both the design and operating effectiveness of the Hampshire Partnership/IBC internal control environment.
 - Corporate Lead Assurance Statements on the key control processes, that are co-ordinated by the Corporate Governance Assurance Group (of which the Chief Internal Auditor is a member of the group), in preparation of the Annual Governance Statement.

Chief Internal Auditors Annual Opinion

In my opinion, for the 12 months ended 31 March 2022, there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control.

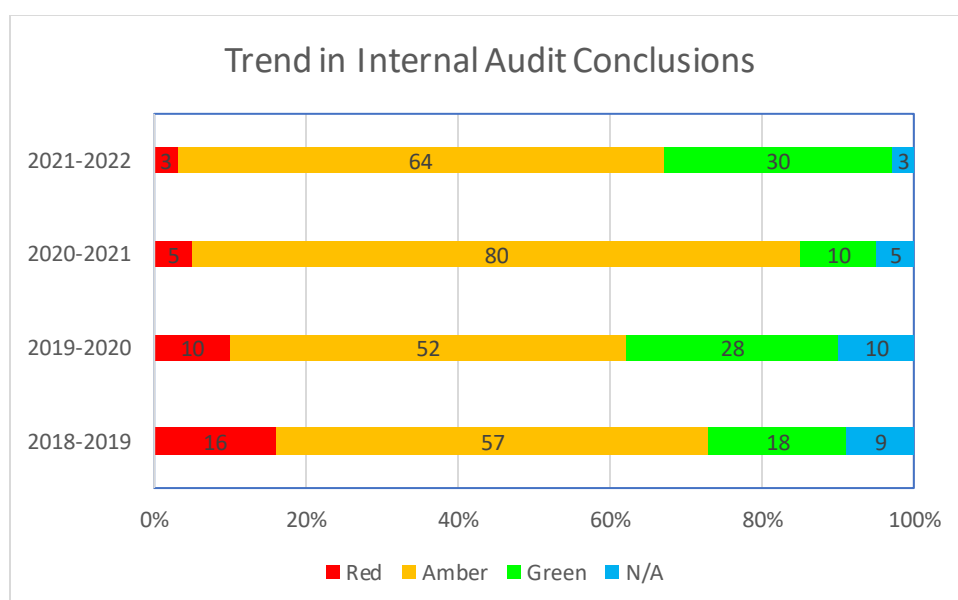
Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective action and timescale for improvement.

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)

See appendix 2 for definitions of overall assurance opinion.

36. The following table shows the percentage trend in individual audit conclusions. It is pleasing to note the positive position, including the number of audits with an overall Green grading has increased and the number of audits with the overall grading of Red has decreased.



Audits completed since last report to Audit and Governance Committee

37. The outcomes of the audits, including a summary of the key findings are reported quarterly to the Audit and Governance Committee. The summaries of the audits completed since the last report (January 2022) are attached as appendix 3.

- S106 – Spend
- Garton Payroll & HR processes
- IT Data Centre
- Pensions Administration
- Treasury management
- Supporting Families – Claim 3
- Five Acres Primary School
- Money Management
- Growth Board – Accountable Body Role
- Provision Cycle – Prepare, Tender, and Implement
- Provision Cycle – Manage and Review
- Facilities Management – cleaning asset management
- Well-being / Sickness management

38. The following audits are currently at exit meeting / draft report stage. The outcomes of the audits are included within the annual opinion, the executive summaries of the reports once finalised will be included in the next internal audit quarterly update to committee.

* All overall opinions for the 4 outstanding audits are “to be confirmed” at the point of submitting this report. However, it should be noted that the Audit of Childrens payments via Controcc may result in an overall conclusion of Red or Amber – this is to be confirmed. If an overall Red opinion is given then this will mean the overall number of Red reports for the year 2021/22 will be two, currently it is reported as one.

Exit meetings / draft report stage:

- Childrens payments via Controcc*
- Education Safeguarding
- Payments to providers
- Highways contract management

39. The overall conclusion for the audit of Facilities Management – Cleaning Asset Management has been graded Red. The executive summary from the Internal Audit Report is included within appendix 3. As this is a Red graded report, we have provided a response from management:

Management Response: Facilities Management – Audit of Cleaning Asset Management 2021/22:

During the transformation program in 2021 it was highlighted that the cleaning service has challenges that needed to be addressed and following an incident of theft it was decided by the Corporate Director to commission an independent detailed audit of the services operational processes and procedures.

The report highlighted concerns in key areas of the service, including non-compliance with correct policies and procedures in relation to consumables, purchasing, procurement, asset management, disposals and areas of Health & Safety checks. All areas of concern highlighted in the report are being addressed in the short term with manual mandated processes to reduce the risk and improve the management processes by the end of May 2022. Further improvements around storage and tracking of assets and consumables will be implemented by September 2022.

Internal Audit Performance

40. The following table shows the performance targets agreed by the Audit and Governance Committee and the actual 2021/22 performance.
41. Performance in achieving the target date for the exit meeting for each audit assignment has been impacted upon due to several resourcing issues within the year. This is an area we will continue to focus on and improve. The performance for the issue of draft reports has stayed the same as the previous year, however for the issue of finals this had reduced. We have reported in year to the committee that this was due to a positive reason whereby Corporate Directors, Senior Manager are now fully engaged in the audit report process and there is additional time needed now to fully engage with everyone and ensure a robust and quality management action plan is developed. For 2022/23 we will propose a change in the performance indicator to reflect this.
42. We are pleased to report the continued improvement with the implementation of management actions, with the majority implemented or not yet due. Our customer satisfaction questionnaires continue to provide positive feedback.

Measure	Target	Actual Performance 2021/22 – as at 26/04/2022
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	59% of the audits met this target. 2020/21 50% 2019/20 61% 2018/19 69%
Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	86% of the audits met this target. 2020/21 85% 2019/20 74% 2018/19 82%
Elapsed time between issue of draft report and the issue of the final report	15 Days	66% of the audits met this target. 2020/21 80% 2019/20 74% 2018/19 85%
% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2021.	87% of the plan was completed by the end of April 2021 (including grant certification work). 2020/21 74% 2019/20 70% 2018/19 100%
% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	As at 27 April 2022: 640 actions being monitored on the system. <ul style="list-style-type: none"> • 78% implemented • 15% not yet due • 4% partially implemented • 2% overdue
Customer satisfaction questionnaire (Audit Assignments)	Average score < 2 1 - Good 2 – Satisfactory 3 – Unsatisfactory in some areas 4 – Poor	Average score was 1.1 2020/21 1.06 2019/20 1.17 2018/19 1.07
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 was planned for 2021 – this was not completed. This will be flagged for 2022/23.

Financial Implications

43. There are no direct financial implications arising from this report.
Comments checked by: Lorna Baxter, Director of Finance
lorna.baxter@oxfordshire.gov.uk

Legal Implications

44. There are not direct legal implications arising from this report.
Comments checked by: Sukdave Ghuman, Head of Legal
sukdave.ghuman@oxfordshire.gov.uk

Staff Implications

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

Equality & Inclusion Implications

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

Sustainability Implications

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

Risk Management

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

Sarah Cox, Chief Internal Auditor, May 2022.

Annex: Annex 1: Progress with completion of 2021/22 Internal Audit Plan
 Annex 2: Annual assurance opinion definitions
 Annex 3: Executive Summaries of Audits finalised since last report to Audit and Governance Committee.

Background papers: None.

Contact Officer: Sarah Cox, Chief Internal Auditor
 Sarah.cox@oxfordshire.gov.uk

APPENDIX 1 - Overall conclusion and management action implementation status of 2021/22 audits

Audit	Status	Conclusion	No of Mgmt Actions Agreed	Reported implementation status as at 25/04/2022
Corporate / Cross Cutting				
Provision Cycle - Prepare, Tender and Implement.	Final	Amber	19	19 not yet due
Provision Cycle - Manage & Review	Final	Amber	*	* report and actions combined with above.
Childrens				
Children's Payments via ContrOCC / LCS recording	Exit Meeting / Draft	TBC	TBC	TBC
Childrens Education System – Implementation of New IT System – Stage 1 & 2 IT controls	Final	Green	4	2 implemented, 2 not yet due
Supporting Families – 3 claims during 2021/22	Certified	-	0	-
Education Safeguarding	Exit Meeting / Draft	TBC	TBC	TBC
Addition: Five Acres Primary School – Financial Management Audit	Final	Amber	11	7 implemented, 3 partially implemented, 1 not yet due
Adults & Housing				
Payments to Providers	Exit Meeting / Draft	TBC	TBC	TBC
Client Charging	Final	Amber	5	4 implemented, 1 not yet due
Money Management	Final	Amber	6	2 implemented, 4 not yet due

Customers, OD & Resources – HR				
Well-being / Sickness Management	Final	Amber	6	6 not yet due
IR35 (off-payroll rules)	Final	Green	2	2 implemented
Customers, OD & Resources – Finance				
Treasury Management	Final	Green	2	1 implemented, 1 not yet due
Growth Board – Accountable Body Role	Final	Green	1	1 not yet due
Pensions Administration	Final	Green	5	1 not yet due, 4 due
Customers, OD & Resources – Finance / IT				
Payment Card Industry Data Security Standard (PCI-DSS)	Final	Green	5	2 implemented, 2 not yet due, 1 due
Customers, OD & Resources – IT				
Cyber Security	Final	Amber	13	11 implemented, 2 not due
IT “business as usual” Change Management	Final	Amber	5	4 implemented, 1 due
Software Asset Management	Final	Green	2	1 implemented, 1 not yet due
Data Centre	Final	Green	3	2 implemented, 1 not due
CDAI – Fire & Rescue & CODR – HR / Finance				
Gartan Payroll & HR Processes	Final	Amber	35	8 implemented, 3 partially implemented, 20 not due, 4 due
CDAI				
GDPR	Final	Amber	12	3 implemented, 8 not due, 1 due
Property & FM – Cleaning Asset Management	Final	Red	9	9 not yet due
CDAI / Corporate / Cross Cutting				
Fleet Management – Compliance	Final	Amber	5	4 implemented, 1 not due
Environment & Place				

Highways Contract Management	Exit Meeting / Draft	TBC	TBC	TBC
S106 – Spend	Final	Amber	6	6 not due

Grant Certification work completed during 2021/22:

- Building Digital UK – certified end of June 21 & April 22.
- Local Transport Capital Funding (included Integrated Highways Maintenance Grant and Pothole and Challenge Fund) – certified end of Sept 21.
- Additional dedicated home to school and college transport grant.
Tranches 5 & 6 - certified end of Sept 21
Tranche 7 – certified end of Oct 21
- OCC Disabled Facilities Grant – certified end of Oct 21
Bus Subsidy Grant – certified Nov 21

Amendments to the 2021/22 Internal Audit Plan (since last update to Audit and Governance Committee January 2022)

Childrens	Family Solutions Plus	Due to issues with Internal Audit Resources for 21/22 (maternity leave and long-term sickness) two audits had to be removed from the plan during quarter 4.
Adults	Direct Payments	Due to issues with Internal Audit Resources for 21/22 (maternity leave and long-term sickness) two audits had to be removed from the plan during quarter 4. The audit has been deferred until quarter 1 of 22/23 internal audit plan.

Customers, OD & Resources	Music Service – follow up audit	The audit was started in March 2022, however due to staff sickness of key staff, and the resulting workload issues, it was agreed with the service that the completion of the audit would be deferred until May 2022. The service report good progress with implementation of actions agreed in the previous 2020/21 audit – this will be tested and confirmed in the follow up audit, now included within the 2022/23 internal audit plan.
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APPENDIX 2

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

Substantial

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

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

Satisfactory

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

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

Limited

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

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

No Assurance

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

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

APPENDIX 3

Summary of Completed 2021/22 Audits since last reported to the Audit and Governance Committee - January 2022.

S106 Spend 2021/22

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

Introduction

Previous audits of S106 carried out in 2017/18 and 2018/19 focused on the determination and receipt of funding, identifying weaknesses around governance and internal controls. It is acknowledged progress has been made to address these weaknesses, including the ongoing implementation of a new IT system covering the whole S106 process. The focus of this audit was therefore on the second half of the S106 process, providing assurance over the systems in place across the Council for the spending of funding secured via S106 agreements.

Overall Conclusion

The overall conclusion of this audit is **Amber**. The sample testing carried out as part of the audit found that an effective process is in place for the release of S106 monies, with all spend sampled appropriately authorised and in line with the relevant agreement(s). Weaknesses were noted however with the recording and monitoring of expenditure and with the monitoring of longstop dates. Gaps in the provision of management information were also noted, although it is acknowledged this is pending the full implementation of the new ICT system, DEF, at which point performance information will be reviewed and new reports developed. It is intended that the new system will also improve the oversight of secured, held, and allocated contributions, particularly for service areas who have historically relied on the Planning Obligation Team's manual updating of Developer Funding Accounting Statements (DFACS) spreadsheets.

Key Findings

Reconciliation of Expenditure

While supporting documentation including forecast project costs is required at the business case and sign off stage, there are no subsequent checks or reconciliations carried out to confirm final costs were in line with the budget/available S106 funds, and that spend was in line with the agreement. Audit sample testing of 14 projects identified two instances in which project costs exceeded the value of secured contributions. This had not been picked up as part of project monitoring and governance.

It was also noted that services are not informed of project underspends / surpluses until the final account is complete and, for forward-funded projects, until all contributions are held (as opposed to secured), so services cannot start considering options for utilising forecast underspends, increasing the risk of the need to return funds to developers should longstop dates be reached. This was found to be the case for two of the education projects sampled.

One instance was also identified in which a contribution held by a District Council until the County Council could demonstrate the funds were being used for the purpose stated within the agreement (the agreement was between the developer and District Council, rather than OCC), had not been requested, despite the Council having entered into a 16-month contract. The Council has therefore incurred costs without obtaining the funds.

Recording of Contributions and Expenditure

Sample testing carried out as part of the audit identified errors and inconsistencies in the recording of expenditure on the DFACS spreadsheets. This was reportedly due to the inherent risk of manual data input and human error, with instances including one year's spend not being recorded against an agreement; a county wide project drawing on funds from 12 different agreements being recorded against one single agreement; and a contribution being received and spent, but not recorded on the spreadsheet.

It was reported the new system is intended to lead to improvements in this area, providing service areas with oversight of when an agreement is signed, the secured contributions, held contributions, and allocations to projects, with an interface between SAP and DEF to show received contributions in real time, rather than relying on the updating of DFACS spreadsheet.

Monitoring of Longstops

Weaknesses were noted with the monitoring of S106 agreements' longstop clauses, which state if received contributions are not spent or allocated within a specified period of time, the developer can request the contributions be returned. The dates are currently entered onto the team's DFACS spreadsheets and highlighted to services when reviewing contributions held, however sample testing identified several instances where this is not working or has not worked effectively, including two instances where spend occurred after the longstop date, and one in which a long stop date was linked to the opening of school, but was not being monitored as the team were not aware the school had opened.

Management Information

While there was awareness across the services reviewed of S106 funds secured, held, allocated, and spent, owing to cross service meetings, the shared DFACS spreadsheets (soon to be replaced by the DEF system), and bi-annual locality reports summarising the above information, there was found to be little performance monitoring in terms of S106 spend. This was acknowledged by the team, who reported that there is the intention to agree and implement KPIs in this area, following the completion data migration to the new system and subsequent development of reports.

Follow Up

Following the 2018/19 Audit of Section 106, 19 management actions were agreed or outstanding: 15 from the 2017/18 Audit and 4 from the 2018/19 Audit. All 19 have since been reported as fully implemented by management. A review of these as part of this audit found nine to have been implemented effectively and two to have been superseded (one as a result of the new ICT system and one due to changes to Government legislation). One action, relating to the introduction of a new KPI, was found to have not been implemented, however it is acknowledged performance reporting is being reviewed as a whole following the introduction of the new ICT system. The remaining seven were not tested as part of this audit as they fell outside of the scope, relating to the Single Response stage of the S106 process.

Garten Payroll and HR Processes 2021/22

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, Roles and Responsibilities	A	0	4
Starters, Leavers and Temporary Variations	G	0	2
Accuracy of Garten Pay Data Input	A	1	9
Accuracy of Payments Made	A	0	9
Management Information	A	0	5
IT Controls	A	0	5
		1	34

Opinion: Amber	
Total: 35	Priority 1 = 1 Priority 2 = 34
Current Status:	
Implemented	8
Due not yet actioned	4
Partially complete	3
Not yet Due	20

The Gartan Payroll system is used by Oxfordshire Fire & Rescue Service (OFRS) for the logging of on-call firefighter activity. Data from Gartan Payroll is uploaded for payment to on-call staff on SAP / IBC via the Business Data Upload (BDU) process

Policies, Procedures, Roles and Responsibilities – The audit found that there are clear policies and procedures in place for on-call staff and managers covering key processes in relation to input to Gartan for on-call activity. It is noted that prior to the start of the audit, the Service reviewed existing guidance and have identified some inconsistencies and updates required and are working on these. The audit also noted some additional areas for improvement (for example inclusion of recording of sickness absence on Gartan and more detailed guidance on claiming for bank holiday activities). It was also found that guidance for managers on the Gartan payroll activity checking and approval process was limited. Current guidance, whilst explaining responsibilities for authorisation and that review of records is required, does not cover the level of checks expected prior to authorisation or what records / systems are expected to be used to carry out the checks to ensure a thorough and consistent approach.

It was noted that there was a gap in documented guidance for the Employee Resourcing and Relationship Team (ERRT) on the key processes carried out within that team in relation to on-call pay and HR processes, for example the BDU upload and failure process, accuracy checking of pay runs, responsibilities around the leaver process and the processes around the setting up and changing of permissions of Gartan users.

Starters, Leavers and Temporary Variations – Sample testing on variations identified one case where an employee had been underpaid due to incorrect information being provided on a training completion date. The controls in place for the recording, evidencing and notification of these types of promotions have been reviewed and improvements agreed with the service to prevent reoccurrence. There were also examples noted of delays in provision of information about changes to employee circumstances or roles which had impacted on the accuracy of payments made. These examples had already been identified and resolved prior to audit testing. It is noted that there is work ongoing between ERRT and the HR Manager Business Systems to enable OFRS to complete more of their indirect hire processes directly on IBC. Currently some moves can be processed on IBC, but promotions are processed using a separate spreadsheet. IBC app functionality (indirect hire app) is being developed which should enable promotions to be processed directly on IBC.

Other than the issues noted under the IT Controls section below on the disabling of Gartan accounts for leavers, no significant issues were identified in relation to the on-call starters or leavers processes.

Accuracy of Gartan Pay Data Input – From review of the processes in place for recording on-call activity on Gartan for approval and then for payment, the following control issues were identified.

It was found that Level 1 approvers (Crew Managers or Watch Managers who review and complete the first stage authorisation for all activities in their area prior to payment) are able to add and authorise their own activity increasing the risk of financial loss due

to error or fraud. There was one example noted where a L1 had added and approved their own activity, this was reviewed with the Group Manager and found to be a legitimate activity / payment.

There were several areas where it was noted that staff guidance and management oversight need to be enhanced to ensure that on-call payments are accurate. This includes claims for time voluntarily worked on bank holidays which, unless the claim is for an incident, needs to be recorded in a specific way in Gartan so that overtime is not paid in error. Staff need to be aware of the correct process and management need to check that the correct process is being followed. There were also areas where concerns were raised by the ERRT in terms of consistency in approach, guidance and management oversight in relation to tasks completed for the Resource Management Team which can be paid at a different grade, and also on the way in which TOIL is accrued in some circumstances.

During the audit, ERRT reported that a number of unauthorised activity reports had been found. These reports, going back to 2015, may include transactions that Level 1 or 2 managers have determined should not be paid (although this is not clear from the reports) as well as transactions which have been overlooked (potentially due to manager absence, or incorrect date ranges being used during the management checking and approval process) and do need to be reviewed and approved. Audit testing on a small sample of transactions has identified examples where payment needs to be made. The same issues were identified during the previous audit. ERRT have, during the course of the current audit, changed their processes so that unauthorised activity reports are identified and followed up promptly going forward. Management actions have been agreed in relation to clarifying the reporting and checking process and requirements with managers and in ensuring that the backlog of reports are reviewed with any payments due being made.

Accuracy of Payments Made - From review of the BDU upload process used to transfer information on the number of hours paid from Gartan Payroll to IBC / SAP where the payroll payments are calculated, it was noted that ERRT have recently made a number of improvements to the process. Control total checks on the total number of lines uploaded from Gartan to the total number of lines processed by the BDU are now undertaken as are sample checks on the accuracy of payments made. ERRT are working with the Finance Helpdesk to improve BDU processes further in areas including dealing with lines that fail during the upload.

ERRT also reported two issues which have resulted in incorrect payments being made to staff. A Gartan system issue has resulted in some staff not being paid correctly when providing cover for dual stations. It has been reported that payment errors have now been corrected and that a system fix is being pursued with Gartan. Pending that, there is an interim process in place to ensure staff are paid accurately. Accuracy issues were also reported (identified by the service prior to this audit) in relation to on-call holiday pay. Significant delays in obtaining average earning information meant that a number of staff have been either over or under paid for their on-call holiday entitlement for the 2020/21 and 2021/22 financial years. These inaccuracies in payment are in the process of being resolved. There are now clear processes in place for ensuring the required information can be obtained on a timely basis going forward.

Management Information – Issues with the assurance the cost centre manager has over the management checking and approval process were identified during audit testing. Lack of awareness of management responsibilities in relation to on-call payment checks was noted from audit testing, along with inconsistencies in checking and documentation of checks. Immediate action was taken by the cost centre manager to clarify responsibilities and process and make improvements so that assurance was improved. There is now clarity over expectations of management checks and processes from level 1 approvers upwards, and these clarifications and amendments will now be incorporated into the relevant staff guidance.

From review of budget monitoring information, it was noted that there were some wholetime costs included in on-call budget lines. This is being investigated by the service to establish why this is and whether there is any impact on the accuracy of pay and / or budget monitoring. It has been reported by ERRT that initial indications are that these are errors with coding which do not have an impact on pay or budget monitoring.

There is also work ongoing to improve the detailed checking and oversight of payroll transactions and to clarify processes in relation to some aspects of the monthly budget monitoring routines.

IT Controls – From review of Gartan Payroll and user permissions, it was noted that there are a number of people within ERRT, the Data Systems Team and Resource Management Team, in addition to the members of staff who are directly involved in processing Gartan payroll who have the highest level of administration rights. It was ascertained that there hasn't been any review of user roles and permissions for some time and it has been agreed that it would be helpful to review current arrangements and rationalise this level of access.

Audit testing also noted that leavers user accounts in Gartan Payroll and Availability have not been disabled, it was reported that this was due to a misunderstanding over responsibilities. Although contracts have been ended on the system which reduces the risk of erroneous or fraudulent payments being made as this would mean that no activities could be assigned to that user, it is not clear whether there are any potential implications in relation to leavers who had administration roles. This issue goes back to when the system was introduced and is an issue that was raised as part of the previous audit. A full review of user ID's and permissions is to be undertaken with all leavers ID's disabled. There is also now clarity over roles, responsibilities and process for ensuring that leavers user ID's are disabled promptly going forward.

Follow up – 3 management actions were agreed following the 2015/16 Gartan Payroll audit, all were reported as fully implemented. Testing undertaken during this audit has noted partial implementation of these actions. Management actions have been raised within this report to fully address the remaining issues.

IT Data Centre 2021/22

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
IT Roles and Responsibilities	G	0	0
Documentation	G	0	0
Infrastructure Monitoring	G	0	1
Supplier Management	G	0	2
		0	3

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

The OCC data centre is co-located in Birmingham with an external supplier. A service fee is paid for space, power and cooling to house corporate computer infrastructure and networking components. There is a primary data centre for all production equipment and a secondary data centre for disaster recovery purposes.

The Technical Services Team within ICT Services are responsible for managing and monitoring all computer hardware in the two data centres. The team is led by the Technical Services Manager and structured around Principal Technical Consultants, Senior System Engineers and System Engineers. The roles and responsibilities of team members is documented within job descriptions and skills and expertise is available in relevant technologies e.g., Cisco, VMware, Microsoft, Dell etc. A skills matrix is also available to show the proficiency of team members in the different technologies.

A network schematic is documented and maintained for PSN compliance and other schematics are being developed. The supplier performs a weekly visual check of all equipment in the two data centres and provide details of this in a report to IT Services. The report shows all the equipment and highlights any with a warning or error light that needs to be investigated.

Performance monitoring of computer infrastructure and networking equipment within the data centre is undertaken using specialist tools designed for this purpose. For

infrastructure, testing confirmed that monitoring includes processing power, disk space and memory utilisation. Details on the configuration of infrastructure is available within the monitoring tool. The monitoring tools for infrastructure and networking equipment are both configured to send alerts of any potential faults or errors. For infrastructure, a sample review of the alerts identified no risk areas but for networking equipment we found there has been no recent review of the available alerts to confirm they cover all critical events and equipment. We also found that some of the alerts are only sent to the monitoring tool's management console and are not emailed to any person, which for critical alerts or equipment could lead to a delay in relevant technical teams being notified of a problem. The recent refresh of infrastructure in the data centre means there are no current capacity issues. Capacity is reviewed on a monthly basis, primarily to ensure there is sufficient compute and storage available at the secondary data centre for recovery purposes.

There is a formal contract with the supplier for the provision of data centre services, which runs until February 2023. A review of the contract found that it does not define any service level targets or key performance indicators. Service levels are defined within a separate "Operations Manual" and reported against in the monthly service management report. Confirmation should be sought that these service levels are covered under the terms and conditions of the contract to ensure they are enforceable. Service review meetings were held with the supplier when the data centre was initially established but they are no longer held as they stopped being useful. This is on the basis that IT Services are happy with the service and are in regular contact with their Service Delivery Manager should any issues need to be raised. IT Services have confirmed that the supplier is very reactive to issues that are raised with them.

The contract states that the supplier should maintain a business continuity plan which should be tested at least annually. We found that evidence of this has not been confirmed to provide assurance that the supplier has effective arrangements to recover services in the event of a major incident at their site.

Pensions Administration 2021/22

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	A	0	3
C: Scheme Employers	G	0	0
D: Debtor Management	A	0	2
		0	5

Opinion: Green	
Total: 5	Priority 1 = 0 Priority 2 = 5
Current Status:	
Implemented	0
Due not yet actioned	4
Partially complete	0
Not yet Due	1

Overall, audit testing found that controls and processes in relation to Pensions Administration are strong and working well.

Whilst there have been some resourcing issues which have meant that temporary changes to SLA targets have been needed, performance is now improving, and standard SLA targets will be back in place from the start of the new financial year. There have also been some delays in completing vetting checks on scheme employer data, however these are being managed, monitored and reported on regularly. It is expected that all checks required will have been completed in time for year-end processes.

There have been delays in the implementation of the Administration to Pay system. Three of eight areas have now been implemented, with the other five due to have been implemented by the end of January 2022. This timetable has slipped, and the project has been put on hold whilst the team complete the strategic planning process which will cover future developments and projects including the implementation of the remaining parts of Administration to Pay. It is intended that this process will introduce strengthened governance which will increase scrutiny and oversight in terms of delivery and will look at resourcing and timescales to ensure successful implementation.

The Payjour reporting and sign off process, which demonstrates that there has been sufficient review of activities completed in running the pensions payroll by those officers with the highest levels of system access rights, is currently stalled due to technical difficulties in running the report.

There were some improvements in debtor management and debt recovery over the year. Following the successful recruitment of an Office Administrator, with responsibility for debt monitoring and recovery, outstanding debts were followed up between August and October 2021. Unfortunately, following the resignation of the Office Administrator in late 2021, these processes have paused while recruitment of a replacement is progressed.

Follow up – of the three actions followed up on as part of this audit (two from 2020/21 and one from 2019/20), one had been reported as fully implemented but was not found to have been effectively implemented and two have been partially implemented. Where appropriate, re-stated or revised actions have been agreed within this report. Where implementation is ongoing and the original action is still relevant, Internal Audit will continue to monitor implementation through the standard audit follow up process.

Treasury Management 2021/22

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
IT Systems	G	0	2
Strategy, Policy & Procedures & Reporting	G	0	0
Investments	G	0	0
Hardware Disposal	G	0	0
Borrowings*	n/a	n/a	n/a
Cash Flow Management	G	0	0
		0	2

* No borrowings have taken place during the last 12 months, so no testing has been undertaken in this area as part of this audit.

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

Overall, audit testing has found that the key controls and processes in relation to Treasury Management are strong and working well.

Since the previous audit, the Council's online banking system has changed, Lloyds Commercial Banking Online (CBO) was implemented in November 2021. The Treasury Manager identified a change to the functionality in relation to being able to freeze transactions which meant that there was a loss of system control which would prevent changes to investment transactions prior to authorisation. An interim solution was implemented immediately to address this, and a permanent solution has been identified and is in the process of being implemented. This will move the documenting of the dealer to verifier to authoriser process on to the Lloyds CBO system. The team have also adapted their processes to move from manual paperwork to support the

dealing, verification and authorisation process to electronic evidencing via email. Although this was initially driven by the changes needed to working practices at the start of the pandemic, the solution the team are implementing to move the verification process online will mean that there is a more robust and streamlined audit trail covering the investments entered into by the team.

Review of access to shared folders identified some examples where access arrangements were not appropriate. These arrangements have been changed without the approval of the Treasury Manager who last confirmed access requirements with ICT in May 2021. Current arrangements are being reviewed and updated.

Management Letter on Supported Families March 2022 Claim

Introduction

The current claim consists of 150 families for **Significant & Sustained Progress (SSP)**, however due to the high number of families already claimed for this year, the maximum that can be claimed for March is 138. This brings the total for the year to the MHCLG's target of 498 families. The MHCLG has previously confirmed that remaining families (12) can be submitted at the start of April when the window reopens, forming part of next year's claim.

The audit of the previous claim (October 2021) 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.

Scope of work

The audit checked a sample of 10% of the total SSP claim (15 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 the improvements in the internal processes for data checking and validation made following previous claims have remained effective. 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.

Due to satisfactory responses having been received for all queries raised by Internal Audit, this claim can be signed off for submission.

As such, no audit findings or management actions are required.

Five Acres Primary School 2021/22

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Financial Management Governance	A	1	2
B: Budget Management	A	1	0
B: Procurement	A	0	1
C: Income	A	0	3
D: Payroll	A	0	3
		2	9

Opinion: Amber	
Total: 11	Priority 1 = 2 Priority 2 = 9
Current Status:	
Implemented	7
Due not yet actioned	0
Partially complete	3
Not yet Due	1

The audit focussed on key financial management processes, including budget management, procurement, income and payroll. There have been some changes in key members of the Governing Body, with the new Chair keen to review and improve governance and financial management. Weaknesses noted included issues with the delivery of the deficit reduction plan, evidencing of decisions by the pay committee, approval of purchases, bank reconciliations, treatment of VAT and approval of expense claims. Appropriate management actions were agreed to address all the weaknesses identified and, since conclusion of the audit, a significant number of these actions have already been reported as implemented.

Money Management 2021/22

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Policies & Procedures	A	0	1
B: IT Systems	A	0	1
C: Service Provision	G	0	0
D: Management of Service Users' Finances and Bank Accounts	A	0	4
		0	6

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

The audit confirmed appropriate guidance is in place for social care teams and the general public in relation to the Money Management Service. There is also comprehensive guidance for Money Management staff although it was noted parts of the main piece of guidance, the Money Management manual, have been superseded by newer guidance, and therefore guidance available to staff requires review and update to reflect current processes and systems.

Review of the two main IT systems used by the Money Management Team found the CASPAR system to be operating effectively, with work underway to commission and implement a new Cloud based CASPAR system. In relation to the payment system, issues were reported with the functionality of the new Lloyds CBO system, which has recently been rolled out by Lloyds to replace the decommissioned LloydsLink. It was confirmed issues experienced across the Council are being recorded centrally and reported back to Lloyds for resolution.

The security arrangements for both systems were found to be appropriate, although the review of user accounts on CASPAR did identify inconsistencies in access permissions for Money Management Officers (who all carry out the same role). This should be resolved with the implementation of the new CASPAR Cloud system which

include roles with predefined permissions to be set up, which the team members will be allocated to.

A review of the Money Management waiting list noted the positive performance in regard to managing referrals, with the average number of service users on the list per month reducing from 78 in August 2021 to 38 in January 2022. Analysis showed the average number of days on the waiting list as of March 2022 is 224. This is reportedly due to delays caused by Covid and is expected to improve as pressures relax. The audit also noted the improvements in managing the waiting list, with service users graded from 1-5 for prioritisation and any urgent cases highlighted.

A review of processes within the Money Management service found service users' finances are being handled effectively. Each service user sampled had a payment plan in place to ensure bills / charges are being paid as necessary, and the service user is in receipt of a suitable personal allowance. Those with no expenditure recorded or where expenditure is higher than income were queried with Money Management Manager who confirmed there were suitable reasons. Samples of debt, cash / cheque income, the setting up and closing down of accounts and direct debits confirmed processes are operating adequately.

All BACS and cheque payments reviewed during the audit were found to have been authorised appropriately, although it was noted in relation to cheque payments, four of the ten sampled did not have a payment request form recorded on LAS. In relation to Deputyship and Appointeeships, all relevant documentation could be located as required.

A review of Pre-Paid Cards (PPCs) and Companionship Cards (CPPCs) found that assessments on suitability are not consistently being recorded on CASPAR. It was also found that reviews on expenditure and balances of PCCs and CPPCs were not being carried out. This was queried with the Money Management Manager who confirmed that assessments on suitability are not consistently being recorded as the process has developed and reviews on expenditure can be difficult as most PPCs are only used to withdraw the full amount available in cash. Pre-Paid Cards are now the main method for service users to receive funds and the Money Management team have acknowledged that this is an area for improvement and are currently reviewing the PPC process.

Money Management was audited last in 2016/17. Of the three management actions agreed, it was found that two had been fully implemented with controls (or adequate controls if the process had changed) in place and operating effectively. The remaining action was in relation to Pre-Paid Card checks which has been highlighted above.

Final Management Letter – Growth Board Accountable Body Role 2021/22

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

Introduction

The Oxfordshire Growth Board, now called the Future Oxfordshire Partnership, was established in 2014 for the purpose of facilitating and enabling collaboration between Oxfordshire local authorities and other bodies operating in Oxfordshire in relation to economic development, strategic planning and growth. The Future Oxfordshire Partnership is a joint committee of the six councils of Oxfordshire together with key strategic partners. It plays a key role in coordinating local efforts to manage economic, housing and infrastructure development in a social and environmentally beneficial way in Oxfordshire. It also secures funding to achieve its aim of infrastructure development. Oxfordshire County Council is the designated Accountable Body for the Growth Board providing Section 151 and Monitoring Officer related services to the Committee in accordance with the Memorandum of Understanding between Oxfordshire County Council and the Oxfordshire Growth Board / Future Oxfordshire Partnership.

The Housing and Growth Deal funds infrastructure and affordable housing and supports Oxfordshire's ambition to plan and support the delivery of up to 100,000 new homes across Oxfordshire between 2011 and 2031.

Scope of work

The audit was focussed on the Council's role as Accountable Body rather than as a delivery partner.

An audit of Capital Programme – Major Infrastructure will be completed as part of the 2022/23 Internal Audit Plan. This audit will provide assurance over the governance and processes in place for a sample of major infrastructure schemes that are funded by the Housing and Growth Deal.

Conclusion / Key Findings

Our overall conclusion is "Green", it was found that there is a strong system of internal control in place and risks are being effectively managed.

Governance – It was found that there are sufficient governance arrangements in place for the Council to be able to discharge its responsibilities as Accountable Body and the Council's responsibilities as Accountable Body were found to be clearly defined. Reporting requirements were clearly specified and were found to be operating as expected.

It was confirmed that there is a Memorandum of Understanding (MOU) which was approved by each local authority's Cabinet or Executive in July or August 2020.

Although it was not possible to confirm that this was reviewed or updated in 2021, no omissions were noted in terms of what is required of the Council in carrying out its role as Accountable Body.

Financial Management & Procedures – The audit found that adequate financial management process and procedures are being applied, including the monitoring and reporting of funding received, compliance with grant conditions, and the payment of funding to delivery partners.

Final Management Letter on Provision Cycle – Prepare, Tender, and Implement and Provision Cycle – Manage and Review

Opinion: Amber	
Total: 19	Priority 1 = 0 Priority 2 = 19
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	19

Introduction

In January 2021 the Council established a new provision cycle structure, with the aim of providing a streamlined and consistent approach to procurement, commissioning, and contract management activities, and, with a focus on type of spend rather than source, reduction of duplication, improved strategic oversight, and consistency of processes.

The 2021/22 Internal Audit plan included two audits to provide high level assurance over the implementation of improvements through the provision cycle work: one on contract procurement and one on contract management. While these pieces of work were carried out separately, a number of weaknesses were found to cover both areas, so findings have been combined into one overall audit report.

Overall Conclusion

The overall conclusion of the two audits is **Amber**. In relation to contract procurement, sample testing confirmed the procurement methods used were appropriate in all cases. Supporting documentation to evidence compliance to the CPRs and established procedures could also be demonstrated in the majority of cases, with minor exceptions noted including non-financial due diligence checks (e.g. confirmation of relevant insurance cover), and arrangements in relation to conflicts of interest and confidentiality statements.

In relation to contract management, testing identified varied levels of activity across the sample reviewed. For some contracts, evidence to support good contract governance, monitoring of contractor performance, and management of risks could be provided upon request. For others, contract monitoring activity was found to be minimal, with regular contract meetings not taking place, performance measures either

not being established or monitored, and other requirements included in the contract not being enforced, such as annual due diligence checks, review of business continuity plans, and obtaining assurance around information governance. In one area reviewed, weaknesses were also identified around monitoring actions assigned to contractors, such as requests for documentation.

It is acknowledged that a number of weaknesses in contract management fall within the recent Health, Education & Social Care Commissioning (HESC) restructure, where large staff turnover as well as reacting to the Covid-19 pandemic to ensure continuity of service, has meant business as usual has not been possible. This is recognised within the relevant services, with action being taken to address known issues.

Sample testing across both audits noted an inconsistent approach to the use of Atamis, the Council's contract management system, including the recording of contracts, uploading of supporting documentation, and accuracy of listed contract managers. This reduces the strategic oversight and support the procurement hub are able to provide.

Guidance was found to be available to all staff and accessible via the intranet, although requires review and update to ensure it reflects current practice.

Further audits focusing on specific areas of the provision cycle will be carried out as part of the 2022/23 Internal Audit Plan.

FM – Cleaning Services Asset Management 2021/22

Overall conclusion on the system of internal control being maintained	R
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Procurement	R	2	2
B: Asset and Stock Control	R	1	3
C: Disposals and Losses	R	0	1
		3	6

Opinion: Red	
Total: 9	Priority 1 = 3 Priority 2 = 6
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	9

Background

The in-house Cleaning Service within Facilities Management was established following the collapse of Carillion in 2018. It has a budget of £1.5m, comprises of 5 Managers, 102 cleaners employed by OCC and also engages an external cleaning firm to provide additional cleaning provision for OCC's estate.

At the request of the Corporate Director, the audit reviewed the robustness of the asset management controls following a theft of hoovers in Q3 2021 by an employee (who has been dismissed). Overall, the audit identified some improvements to asset control processes following the theft, however noted weaknesses in this area still existed, resulting in an ongoing risk of fraud, theft or wastage. There are no service procedures in place to clarify responsibilities and to guide Officers on the correct process to follow with regards purchasing cleaning products and equipment, receiving, recording and monitoring assets and stock. The Facilities Management service are aware there are weaknesses and have plans in place to address these during the course of the year.

The audit reviewed the full cycle of asset management, from asset procurement to asset controls through to disposals.

Procurement

The Cleaning Service procures cleaning equipment and consumables from a local supplier. The audit noted that a procurement exercise to engage this supplier (in use by the Council since 2016) was not undertaken by the Service. There is no contract in place with this supplier. The Council's Contract Procedure Rules require a full tender process for contract values over £75k.

Audit testing identified that whilst orders with the supplier should be placed by the Cleaning Managers, in reality these are also being placed by the Cleaners direct with the supplier, with little oversight or control within the Service over the volume and values being ordered.

The oversight of purchase orders and budget monitoring is blurred as the purchase orders are not raised and approved within the Cleaning Service. Audit testing identified Purchase orders raised retrospectively because previous Purchase order values had been exceeded without the Service's knowledge.

Asset and Stock Control

The new Asset Register developed in November 2021 following the theft of hoovers is one of the first steps towards improving asset control. It is still a work in progress, however the audit testing identified errors including missing or duplicate serial and asset numbers, assets missing from the Register and assets not located in their expected location. There is no management oversight or spot checks of the Register to ensure it is comprehensive, up-to-date and quality controlled. Of the 30 new hoovers purchased in January 2022 to replace the stolen hoovers, only 1 had been asset tagged and logged on the Asset Register.

There are no stock control records at the main storage site, which is accessed by multiple staff. At this site there are large volumes of cleaning stock which have been there for over two years. Stock counts and usage analysis is not routinely undertaken so the Service do not know the quantity of stock available and in use.

Disposals and Losses

According to the Asset Register, of the 268 assets listed, 16 have been marked 'disposed' (mostly hoovers). The audit checked the process followed for disposal but there were no records available to document how or where the assets were disposed of or who had signed off. The process was informal, with some Officers verbally informing Internal Audit that in some cases assets were disposed of to charity or sold for a nominal amount.

Wellbeing and Sickness Management 2021/22

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Policies & Procedures	A	0	4
B: Sickness Recording	G	0	0
C: Sickness Management & Monitoring	A	0	2
D: Staff Wellbeing	G	0	0
E: Management Information & Reporting	G	0	0
		0	6

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

The Council aims to have the healthiest and highest attending workforce possible for both the benefit of the Council as a whole and individual employees. There is a "Monitoring and managing sickness absence policy" which sets out the responsibilities and procedures which aim to achieve this. The Council also provides comprehensive wellbeing support, guidance and resources to managers and staff.

It is noted that there has been an internal project within HR which has covered the sickness absence reporting and management process. This was initially focussed on a specific service area, but also considered the effectiveness of corporate policy and procedures. It is understood that this project (separate from this audit) has recently been reported on to HR management, with actions resulting from this to include an updated Sickness Absence Policy, additional clarification on roles and responsibilities of employees, managers and HR and production of improved training materials and template documents to assist in the management of sickness absence. There will also be changes to the way in which sickness absence cases are monitored, managed and overseen within HR.

Sickness absence is an area which is kept under review by senior HR management with changes to process implemented where issues are noted, for example the move to managers being made responsible for recording the start of their employee's sickness absence to improve the timeliness of recording (employees are still able to record their own sickness absence as well). The latest report to Cabinet identifies that there have been positive improvements in timeliness of recording since this change was implemented and, as a result of this, the Council is able to monitor levels of sickness absence and working time lost more effectively. This is supported by the testing and analysis completed as part of this audit.

The audit noted that there is clear guidance available to managers and staff on the process for reporting sickness absence. In relation to the management of sickness absence, there is guidance which sets out the process, although the informal absence management process (where sickness absence triggers have been reached, but prior to the commencement of the formal process) could be enhanced with more detail and direction on the expectations of management. There is training available for managers on management of sickness absence, this includes training delivered as part of an essential (mandatory) training programme for new managers. The take up of this training is not currently monitored and reported on, however manager training for both existing and new managers will be reviewed and refreshed as part of the Leadership & Management workstream within the Delivering the Future Together programme. This will include sickness absence training and will cover both new and existing managers. As noted above, training materials are also being developed for use in the training of line managers in the interim, which will feed into the training being developed under the DTFT programme.

Non-compliance and inconsistencies in the approach to the management of sickness absence was identified from the testing undertaken as part of this audit. Testing on routine sickness absence process recording found examples where return to work discussions had not been documented. It is the expectation of HR Management that return-to-work discussions are documented for all sickness absences. Enhancements to policy guidance and manager training will assist in making these requirements explicit and should improve compliance. The process followed once employees hit sickness absence triggers was also found to vary, there were cases where absence review meetings, which must be conducted as part of the sickness management process when triggers are reached, had not taken place and examples where improvements to the support provided by managers to enable their staff to return to work could be made. It is the responsibility of managers to support their staff and manage the sickness absence process, however HR also have a role. It was noted that HR Advisers were aware of and were involved in most of the cases sampled, however there were some inconsistencies in approach and involvement.

A clear and comprehensive approach, resources and guidance in relation to staff wellbeing was noted with regular reminders to staff about specific wellbeing issues, the availability of

the Employee Assistance Programme (EAP) for staff and managers, wellbeing newsletters and training courses and seminars on a variety of topics. A draft strategy has been produced, and the Council are going through the Thrive accreditation process. The stress risk assessment and Wellbeing Action Plan documents have been reviewed and combined, with their use being promoted amongst managers through managers briefing emails. It has also been reported that HR Business Partners and Advisers and the Health & Wellbeing Manager are promoting the use of this tool where appropriate.

Management information on sickness absence was found to be produced and reported on frequently. There is appropriate reporting to Cabinet, and to DLTs. It was observed that HR are analysing the information available and reviewing this against other information, for example Occupational Health (OH) referrals, to identify where there could be a need for additional improvements. Workforce data is being published as expected. Managers also have the relevant information available to them on staff sickness absence.

Follow up – of the 4 management actions reviewed, 3 have been reported as implemented and 1 is no longer relevant.

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AUDIT & GOVERNANCE COMMITTEE

11 MAY 2022

INTERNAL AUDIT STRATEGY & PLAN 2022/23

Report by Lorna Baxter, Director of Finance

RECOMMENDATION

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

Comment and note the Internal Audit Strategy and Internal Audit Plan for 2022/23.

Executive Summary

2. This report presents the Internal Audit Strategy and Internal Audit Plan for 2022/23. A separate plan for Counter-Fraud activity will be presented to the July 2022 Committee.
3. Appendix 2 sets out the annual Internal Audit plan for 2022/23.
4. The key focus of audit activity during the year includes
 - Financial Management
 - Contract Procurement
 - Contract Management
 - Directorate Strategic Risks
 - Capital Programme
 - Governance

Introduction

5. The Accounts and Audit Regulations 2015 state that the Council needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with the proper internal audit practices; these are defined as the Public Sector Internal Auditing Standards 2013, updated March 2017.
6. 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.”

7. The Chief Internal Auditor is required to provide an annual report on the System of Internal Control which is used to inform the Council’s Annual Governance Statement. In providing this opinion 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.
8. The Internal Audit Annual Plan is drafted and presented at the start of each financial year, however, will evolve and needs to be dynamic and subject to amendments / responsive to organisational change and resulting emerging risks during the year. The operational impacts, new control environment, any changes in governance arrangements, resulting from events such as the pandemic, need to be assessed and internal audit resources targeted across immediate priority areas for the organisation.

Audit Planning Methodology

9. The Internal Audit Plan is developed to consider the corporate vision and priorities of Oxfordshire County Council, the Senior Leadership Team’s (SLT) priorities and management’s assessment of risk as set out in the strategic and directorate risk registers. The audit plan includes cross referencing to those priorities and risks.
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 the Senior Leadership Team and other Senior Managers. This provides crucial insight and intelligence into the strategic and operational priorities of the organisation. There are regular meetings with each of the Directorates 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 2022/23 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 auditors for the IBC (Hampshire's Integrated Business Centre).
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.

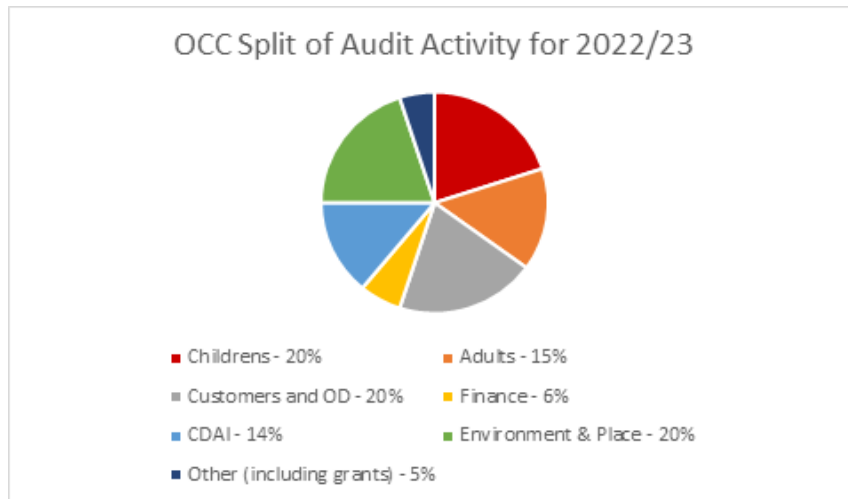
Counter-Fraud

18. Internal Audit have the responsibility for Counter-Fraud. The Counter Fraud Strategy and Plan for 2022/23 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). From 1 April 2021 we also provided the Counter Fraud Service to 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. Future delivery of both the internal audit and counter fraud services to CDC is subject to current review.
20. The 2022/23 internal audit structure is included in Appendix 3. The Audit & Governance Committee are regularly updated regarding the Internal Audit resourcing position.
21. There continues to be a national challenge with the recruitment of good quality internal audit staff, particularly at a Senior Auditor level. We continue with the approach of "growing our own" and we are aiming to recruit a new internal audit apprentice over the summer. Our current internal audit apprentice has been successfully appointed to an Auditor post, reflecting excellent progress and development.

22. The planned chargeable days available to OCC in 2022/23 = 1100 (after deducting overheads such as annual leave, and other absences). The planned days available for Internal Audit assignments are 900 days. This is in line with the previous allocations in 2021/22 & 2020/21. (Other Chargeable days – non-audit assignment, are recorded at the end of the narrative plan in Appendix 2) The following chart shows an approximate split of chargeable audit activity days across directorates.



Quality & Performance

23. 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 2022/23 we will be supporting a member of staff to complete the Certified Internal Audit Qualification. We also have two apprenticeship posts within the team – one Counter Fraud and one for Internal Audit.
24. 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.
25. The performance indicators for 2022/23 are attached as appendix 1 to this report. An amendment has been made to performance indicator 3. Previously this target was 15 days between the issue of the draft report and the final report, however this did not allow sufficient time for all relevant senior managers to be able to input to the development of the agreed action plan. This has now been amended so that the target is 10 days from receipt of the management response. A new indicator has also been added for 2022/23 – number 6, which will report on the number of repeat actions / findings (if any) that are raised,

where follow up audits identify that actions have not been implemented effectively and the risk/issues previously identified still exist.

Financial Implications

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

Comments checked by: Lorna Baxter, Director of Finance
lorna.baxter@oxfordshire.gov.uk

Legal Implications

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

Comments checked by: Sukdave Ghuman, Head of Legal
sukdave.ghuman@oxfordshire.gov.uk

Staff Implications

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

Equality & Inclusion Implications

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

Sustainability Implications

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

Risk Management

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

NAME: Lorna Baxter, Director of Finance.

Annex: Annex 1: 2022/23 Performance Indicators
 Annex 2: 2022/23 Internal Audit Plan
 Annex 3: 2022/23 Internal Audit Structure Chart

Contact Officer: Sarah Cox, Chief Internal Auditor,
 sarah.cox@oxfordshire.gov.uk

May 2022.

APPENDIX 1 PERFORMANCE INDICATORS 2022/23

	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 receipt of management responses and the issue of the final report	10 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
4	% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2022.	Annual Report to A&G Committee.	Internal Audit Performance Monitoring System
5	% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	Quarterly Report to AWG	Action Management Tracking System
6	% of repeat findings/actions (relative to number of actions raised within the year)	Less than 5% of agreed management actions raised within the year.	Annual Report to A&G Committee	Internal Audit Tracking Spreadsheet
7	Customer satisfaction questionnaire (Audit Assignments)	Average score < 2 (1= Good, 2 = Satisfactory, 3 = Unsatisfactory, 4 = Poor)	Quarterly Report to A&G Committee	Questionnaire
8	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, was due 2021, rescheduled for 2022.

APPENDIX 2: Internal Audit Plan 2022/23

Directorate / Service Area	Audit	Scope	Audit Needs Assessment	Link to Corporate Plan / Leadership Risk Register
Childrens Services	SEND	The audit will follow up on the progress with implementation of the agreed actions from the audit completed during 2020/21. Detailed scope of areas that will be reviewed in more detail will be discussed and agreed with the service.	H	<i>Strategic Plan Priority: Create opportunities for children and young people to reach their full potential. Leadership Risk Register: LR 3 - High Needs Funding</i>
Childrens Services / IT	Childrens Education System – Implementation of New Council IT System	Internal Audit will look to provide assurance, pre-implementation, over the design of the new Education IT system, any changes to operational processes and the internal control environment. The audit will continue with the work undertaken during 2021/22, reviewing key IT system implementation controls, including testing and training (data migration and system security was completed during 2021/22)	H	<i>Strategic Plan Priority: Create opportunities for children and young people to reach their full potential.</i>
Childrens Services	Supported Families	The conditions of the grant claim require that Internal Audit test a sample of 10% and sign off on each claim submitted. The service normally submits 3 – 4 claims per financial year.	Mandatory	<i>Chief Internal Auditor sign off – requirement of grant claim conditions.</i>
Childrens Services	Children we care for / Care Leavers – support with	OCC has an important role in supporting children we care for and care leavers to develop the money skills they need as they grow and move on to live independently. These children and young people are also at	M	<i>Strategic Plan Priority: Create opportunities for children and young people to reach their full potential.</i>

	management of finances.	greater risk of financial exploitation. The audit will provide assurance on the adequacy of the support provided and the controls in place to help children and young people manage their money effectively and independently.		<i>Leadership Risk Register: LR 2 - Safeguarding of vulnerable children</i>
Childrens Services	Placements – quality assurance	The audit will provide assurance over the robustness and effectiveness of the quality assurance processes across different types of placements.	H	<i>Strategic Plan Priority: Create opportunities for children and young people to reach their full potential. Leadership Risk Register: LR 2 - Safeguarding vulnerable children, LR 5 - Insufficient placement availability for children we care for.</i>
Childrens Services	YPSA (Young People's Supported Accommodation)	The YPSA service was re-modeled, and the new service commenced October 2020 with the objective of providing vulnerable young people, or young people at risk of homelessness with high quality accommodation while being supported to develop their independent living skills, find employment, education or training. The audit will provide assurance on the governance and operational processes including contract management arrangements.	H	<i>Strategic Plan Priority: Create opportunities for children and young people to reach their full potential. Leadership Risk Register: LR 5 - Insufficient placement availability for children we care for</i>
Childrens Services / IT	IT application audit - EHCP System	The module, within the Liquidlogic Childrens IT System, for Education, Health and Care Plans went live in August 2021. The audit will review the adequacy of the IT security controls in operation.	M	<i>Strategic Plan Priority: Create opportunities for children and young people to reach their full potential.</i>

Adults	Direct Payments – Follow Up	The audit will follow up on the implementation of the agreed action plan from the audit completed during 2019/20, testing the adequacy and effectiveness of the implemented improvements.	H	<i>Strategic Plan Priority: Support carers and the social care system. Leadership Risk Register: LR6 – Safeguarding of vulnerable adults</i>
Adults	Providers – quality assurance	The audit will review the robustness and effectiveness of the quality assurance processes over providers commissioned to provide adult social care.	H	<i>Strategic Plan Priority: Support carers and the social care system. Leadership Risk Register: LR6 – Safeguarding of vulnerable adults</i>
Adults	Shared Lives	Shared Lives is a scheme for adults who receive care and support, which is provided by living or staying temporarily in a Shared Lives carer's home, or to be supported in their own home and community. This is an internally managed and provided service. The audit will provide assurance on governance and operational processes.	M	<i>Strategic Plan Priority: Support carers and the social care system. Leadership Risk Register: LR6 – Safeguarding of vulnerable adults</i>
Adults	Build back better – Introduction of cap on care costs.	From October 2023 the government will introduce a new £86,000 cap on care costs for personal care. There will also be changes to the thresholds for charging based on means tested contributions and a greater role for councils in organising care for self-funders. The audit will be undertaken in the last quarter of 22/23 and will look at preparations for responding to and implementing these changes. This will include consideration of identification and management of potential impacts.	M	<i>Strategic Plan Priority: Support carers and the social care system.</i>

Adults / IT	IT application audit – LAS	LAS (Liquidlogic Adults System) was implemented in 2015. The audit will provide assurance over the IT security controls in operation.	M	<i>Strategic Plan Priority: Support carers and the social care system.</i>
Customers, OD & Resources	Corporate and Statutory Complaints	The Council values complaints as an opportunity to improve the way we serve the people of Oxfordshire. The audit will review the processes for the receipt, investigation and follow up of corporate and statutory complaints.	M	<i>Leadership Risk Register – LR12 – Corporate Governance</i>
Customers, OD & Resources	Music Service	The audit will follow up on the implementation of the agreed actions from the audit completed during 2020/21. (deferred from 2021/22 plan).	M	<i>Strategic Plan Priority: Create opportunities for children and young people to reach their full potential.</i>
Customers, OD & Resources – IT	Cyber Security – Ransomware	Ransomware remains a significant cyber threat to organisations. The audit will review and assess the effectiveness of user awareness campaigns and IT technical controls used to protect against ransomware threats.	H	<i>Leadership Risk Register – LR18 – Cyber Security</i>
Customers, OD & Resources – IT	Cloud Services	A number of key applications are now running in the cloud. The audit will provide assurance that data and applications held in the cloud are adequately secured and protected.	H	<i>Leadership Risk Register – LR19 – ICT Infrastructure</i>
Customers, OD & Resources – IT	Virtualised Infrastructure	The majority of critical business systems housed within the OCC data centre run on a virtualised platform. The audit will review and assess the security management and configuration of the virtualised infrastructure.	M	<i>Leadership Risk Register – LR19 – ICT Infrastructure</i>
Customers, OD & Resources – IT	IT Agile Working	The audit will review the adequacy of the corporate policies and technical IT controls over agile working arrangements.	M	<i>Leadership Risk Register – LR19 – ICT Infrastructure</i>

Customers, OD & Resources – HR	HR – contract management	The audit will review the contract management arrangements in place for key HR contracts.	M	<i>Leadership Risk Register – LR13 – Workforce Management</i>
Customers, OD & Resources – HR	HR – Employee Relations	The audit will provide assurance on the processes in place for managing high risk employee relations issues.	M	<i>Leadership Risk Register – LR13 – Workforce Management</i>
Customers, OD & Resources – HR / Finance	Payroll	The audit will provide assurance over the key controls and processes operated by OCC to ensure that payments are accurate, timely and only paid to legitimate employees.	M	<i>Leadership Risk Register – LR13 – Workforce Management</i>
Finance	Pensions Administration	The audit will test the key controls providing assurance that scheme members records are accurately maintained and that payment through the pension's payroll are accurate, timely and legitimate.	M	
CODR HR/ CDAI Procurement	Off contract spend	The audit will review off contract spend arrangements, including temporary/consultancy resources, to provide assurance over the governance and internal controls arrangements in place.	M	<i>Leadership Risk Register – LR13 – Workforce Management</i>
CDAI	Leases	The Council lease land and buildings to other parties. The audit will review the governance and internal control arrangements from the negotiation and agreement of the lease through to the ongoing management of the lease arrangements.	M	
CDAI	Property / FM – Contract Procurement	The audit will follow up on the work undertaken by Internal Audit/Counter Fraud team during 2021/22 and review the effectiveness of the	H	<i>Leadership Risk Register – LR11 - Supply Chain Management</i>

	and Contract Management arrangements	implementation of agreed actions in relation to contract procurement and contract management arrangements.		
CDAI	Legal Case Management	The audit will provide assurance on the operational processes in relation to legal case management.	M	
Environment and Place / Finance	Capital Programme - Major Infrastructure	<p>A new capital hub will be responsible for the governance, oversight, reporting and strategy for the capital programme led by a Capital Programme Manager.</p> <p>The audit will provide assurance over the new governance arrangements and processes in place for a sample of major infrastructure schemes.</p>	H	<p><i>Strategic Plan Priority: Invest in an inclusive, integrated, and sustainable transport network</i></p> <p><i>Leadership Risk Register – LR8 Capital Infrastructure Programme Delivery</i></p>
Environment and Place / Finance	Capital Programme - Highways Asset Management	<p>A new capital hub will be responsible for the governance, oversight, reporting and strategy for the capital programme led by a Capital Programme Manager.</p> <p>The audit will provide assurance over the new governance arrangements and processes in place for a sample of highways asset management schemes.</p>	H	<p><i>Strategic Plan Priority: Invest in an inclusive, integrated, and sustainable transport network</i></p> <p><i>Leadership Risk Register – LR8 Capital Infrastructure Programme Delivery</i></p>
Environment and Place	Supported Transport	The detailed scope of the audit is to be agreed however it will include providing assurance on key operational processes and follow up of work previously undertaken by Internal Audit in this area.	H	<p><i>Strategic Plan Priority: Create opportunities for children and young people to reach their full potential.</i></p> <p><i>Leadership Risk Register – LR2 – Safeguarding of vulnerable children, LR6 –</i></p>

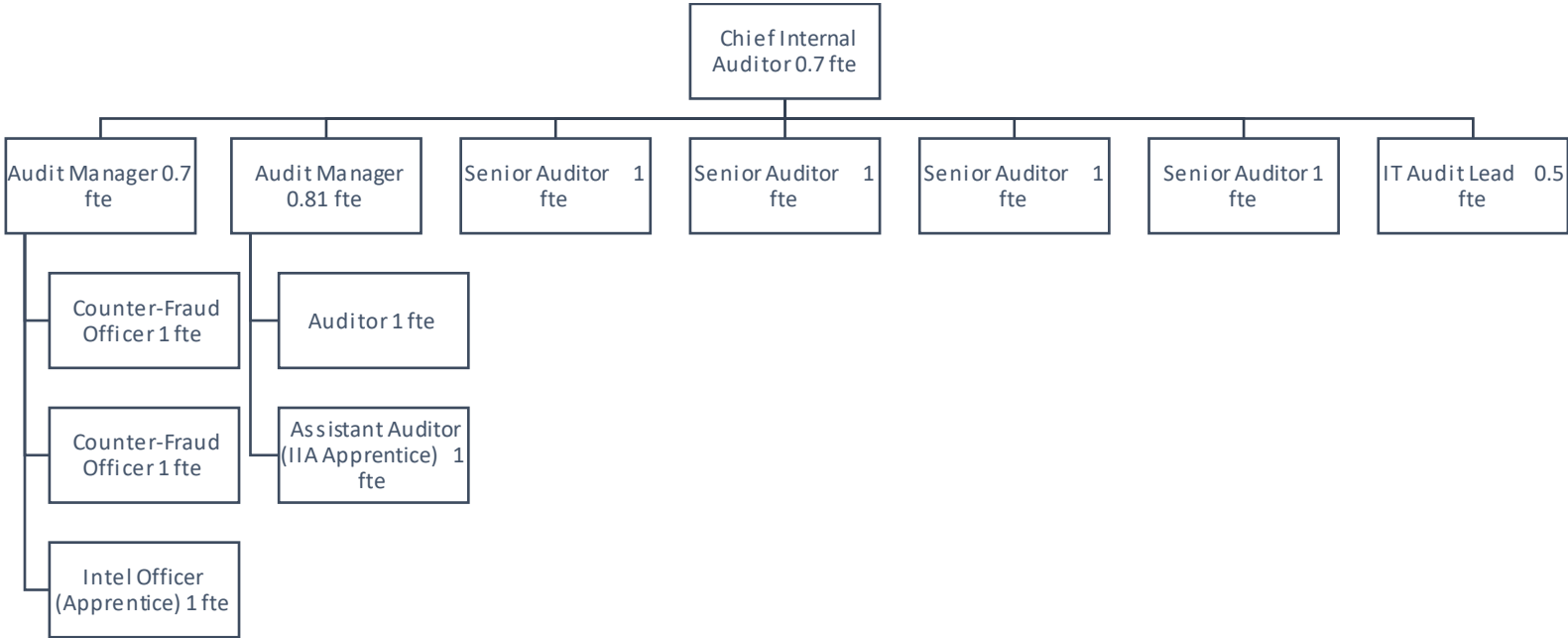
				<i>Safeguarding of vulnerable adults</i>
Environment and Place	S106 – New IT system	A new IT system has been implemented which records secured, held and allocated S106 contributions. The audit will review the effectiveness of the system in the management, oversight and reporting of contributions, and whether the planned benefits of improved processes have been delivered.	M	<i>Leadership Risk Register – LR8 - Capital Infrastructure Programme Delivery LR19 – ICT Infrastructure</i>
Environment and Place	Climate	One of the council’s key strategic priorities is to “put action to address the climate emergency at the heart of our work”. The detailed scope of the audit is to be agreed but will provide assurance on the council response and actions in place to address climate change risks.	H	<i>Strategic Plan Priority: Put action to address the climate emergency at the heart of our work.</i>
Environment and Place	Street Lighting Contract	The audit will consider the adequacy of contract management arrangements in relation to the Street Lighting Contract, which is delivering the LED replacement scheme.	M	<i>Leadership Risk Register – LR11 - Supply Chain Management</i>
Environment and Place / IT	IT application audit – GIS	The audit will provide assurance over the IT security controls over the Geographic Information System (GIS).	M	<i>Leadership Risk Register – LR19 – ICT Infrastructure</i>
Corporate / Cross Cutting	Combined Audit & Counter Fraud Reviews (also see Counter Fraud Plans)	Combined audit & counter fraud proactive reviews of financial systems / processes (e.g. procurement cards). The areas will be based upon risk. These will be included within the Counter Fraud Plan on completion of a risk assessment.	M	

Various	Grant Certification	<p>There are several requests made throughout the year for Chief Internal Auditor sign off, of grant certifications. For 22/23 these include:</p> <ul style="list-style-type: none"> • Disabled Facilities Grant • Highway Maintenance Block • Highway Maintenance Block Incentive • Integrated Transport Highways Management Block Grant • Pothole Challenge Fund • Adult Weight Management • Local Authority Test and Trace Contain Outbreak Management Fund Level Surge Funding • Universal Grant - Drug Treatment, Crime and Harm Reduction Grant - Universal Component • Building Digital UK (2 x broadband grants) 	Mandatory	<i>Chief Internal Auditor sign off – requirement of grant claim conditions.</i>
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Other (Chargeable days – non-audit assignment)				
<p>There are days which are not attributed to specific planned audit activity and include:</p>	<ul style="list-style-type: none"> • Chief Internal Auditor’s management days • Preparation of the audit plan and operational planning • Reports for the Audit Working Group and Audit & Governance Committee • Attendance at Leadership Team meetings and regular meetings with Senior Management • Attendance at the Corporate Governance Assurance group including contribution to and overview of the Annual Governance Statement • External Audit liaison • Liaison with other assurance providers, for example Hampshire Internal Audit and OCCG Auditors. 		<ul style="list-style-type: none"> • Follow up on implementation of agreed management actions. • Annual self-assessment against internal audit standards – In accordance with the requirements of the Public Sector Internal Audit Standards • Advice and Liaison • Production of the Chief Internal Auditors’ Annual Report • Development of data matching / analytics • Contribution to change management programmes • Admin support for actual audit work 	

APPENDIX 3:

INTERNAL AUDIT AND COUNTER FRAUD TEAM STRUCTURE 2022/23



Divisions Affected - All

AUDIT & GOVERNANCE COMMITTEE

11 May 2022

Statement of Accounts 2021/22

Report by Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to**
 - a) note the proposed timetable for the 2021/22 Statement of Accounts and the highlighted future changes
 - b) ratify the accounting policies as approved by the Chief Finance Officer and included as an annex to this report

Executive Summary

2. This report sets out the approach taken to the preparation of the 2021/22 Statement of Accounts including:
 - (a) The proposed timetable for the 2021/22 Statement of Accounts and external audit
 - (b) Future changes to the Code
 - (c) The approved Significant Accounting Policies which describe how the Council has interpreted and applied the Chartered Institute of Public Finance and Accountancy (CIPFA) 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and form the basis of preparation of the accounts.

Timetable for 2021/22 Statement of Accounts

3. The 2020/21 audit remains in progress. All the changes have been made to our asset valuations and information has now been passed to the external auditor for final review. However, due to the issue identified in paragraph 7-10 below, the completion of any outstanding 2020/21 local authority accounts has been delayed. This is a decision jointly made by all external audit firms for the technical issue to be resolved.
4. Further to the paper presented at the March meeting, the deadline for publication of audited accounts for 2021/22 is 30 November 2022.

5. The Council is well placed to produce the Statement of Accounts for 2021/22. The draft accounts are scheduled to be published by the end of June. A link to the draft accounts will be sent to members of the Audit and Governance Committee upon publication. The external audit will commence in July & August and it is anticipated that the Audit & Governance Committee will be able to approve the audited accounts by the publication deadline of 30 November.

Future Changes to the Code

6. The implementation of IFRS 16 Leases remains a significant known change to the Code. Following the emergency consultation undertaken by CIPFA LASSAC¹ in March, a recommendation was made to FRAB² to delay the implementation of IFRS 16. FRAB advised CIPFA LASSAC that it agreed with the deferral of IFRS 16 until 1 April 2024 and there in the 2024/25 Code. The Council is continuing to work to ensure it can meet this deadline.
7. A sector wide technical issue has emerged around the area of expenditure on infrastructure assets (e.g. roads, bridges, street lights). There is a requirement under a section of the Code that where part of a non-current asset is replaced the carrying amount of the old part should be de-recognised to avoid double counting and the new part reflected as the carrying amount. Nationally Councils are not following this methodology for infrastructure assets because there are significant difficulties in applying this approach to such assets. This is particularly in relation to roads, where the records used to maintain, replace and add to the asset have not been created to identify specific components.
8. There is a good article that can be seen on the link below that explains the issue in more depth. [Infrastructure Asset Article](#)
9. CIPFA has established a Task and Finish Group with the objective of proposing a way forward. Currently they have presented the possibility of a temporary amendment to the Code to remove the need to de-recognise along with possible longer-term solutions.
10. The Task and Finish Group are scheduled to report back at the end of June 2022. Until then we are in a position of uncertainty of the precise way forward on this matter. It could potentially lead to an amendment to our accounting policy for infrastructure assets as well as a prior period adjustment to the accounts – depending on the way forward that FRAB would approve.

Significant Accounting Policies 2021/22

11. The Council's Statement of Accounts is prepared in accordance the Code. The Council is required to adopt accounting policies which describe how the Council has interpreted and applied the Code.

¹ Chartered Institute of Public Finance and Accountancy / Local Authority (Scotland) Accounts Advisory Committee

² Financial Reporting Advisory Board

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 (Annex 1)
 - 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 Chief Finance Officer has approved Note 1. Summary of Significant Accounting Policies for 2021/22 as set out in **Annex 1**. All significant accounting policies have been selected with reference to the Code. There have been no material changes to the accounting policies for 2021/22.
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.
18. Note 2. Critical judgements in applying accounting policies and Note 3. Assumptions made about the future and other major sources of estimation uncertainty will be prepared alongside the main financial statements and other notes to the accounts as the relevant information becomes available.

Financial Implications

19. Any change to the Code may entail significant investment of staff time to bring reporting in line with guidance.

Comments checked by:

Ian Dyson, Assistant Director of Finance, ian.dyson@oxfordshire.gov.uk

Legal Implications

20. There are no legal implications arising directly from the measures set out. However, the Council will need to ensure that arrangements are put in place to

comply with any amendments to the Local Audit and Accountability Act 2014, Accounts and Audit Regulations 2015 and statutory guidance, including the Code of Practice on Local Authority Accounting in England and Wales.

Comments checked by:

Sukdave Ghuman, Head of Legal, sukdave.ghuman@oxfordshire.gov.uk

LORNA BAXTER
Director of Finance

Annex: Note 1. Summary of Significant Accounting Policies

Background papers: Nil

Contact Officer: Richard Quayle, Chief Accountant
richard.quayle@oxfordshire.gov.uk

May 2022

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1. Summary of Significant Accounting Policies General

The Statement of Accounts summarises the County Council's transactions for the 2021/22 financial year and its position at the year-end 31 March 2022. It has been compiled in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22* (the *Code*), published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the County Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

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	2019/20	2022/23
Year 3	Social Care Premises, Libraries, Museums and Adult Learning, Fire & Rescue Service Premises, Community Safety, Staff Housing, Central Offices and Highways Depot	2017/18	2020/21

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 (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial assets are classified into three types:

- Amortised costs
- Financial assets at fair value through Other Comprehensive Income
- Financial assets at fair value through profit or loss

Amortised costs 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:

- 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 2021/22 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 the Oxfordshire Local Enterprise Partnership, OxLEP). 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.

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Divisions Affected - All

AUDIT AND GOVERNANCE COMMITTEE

11 May 2022

UPDATE ON ACTIVITIES OF THE CONSTITUTION REVIEW WORKING GROUP

Report by Director of Law and Governance

RECOMMENDATION

1. **The Committee is RECOMMENDED:**
 - (a) To note the progress of the Working Group made to date and the areas to be covered in the report to be delivered by 31 July 2022.
 - (b) To approve, in principle, the idea that the Working Group should continue its work after 31 July 2022.

Executive Summary

2. The Working Group has found that updating the content and presentation of a complex and lengthy legal document like the Council's Constitution is not a simple task. Differing views are held on styles of wording and presentation and reaching consensus on proposed changes takes time.
3. Other local authorities regard constitutional review as a rolling process to be carried on all the time (rather than something done in temporary bursts of activity and then left). The Working Group thinks this approach is sensible and would like to be able to carry on with its work after 31 July, perhaps meeting on a bi-monthly basis.
4. The Working Group has nevertheless made progress and should be able to present conclusions by 31 July on a number of topics.

Activity of the Working Group

5. After a couple of introductory meetings in 2021, the main work of the Working Group has been done in meetings on 11 January, 23 February, 9 March and 13 April 2022.

This has included:

- (a) Considering better ways of presenting the Constitution on the Council's website (including improving accessibility for those using mobile devices, putting links to

- the Constitution throughout the website, providing explanatory diagrams and even providing a video introducing “newcomers” to the Constitution)
- (b) Considering the principle of removing the Articles and incorporating them into the main body of the Constitution and then carrying out detailed textual work to effect this
 - (c) Carrying out detailed textual work to condense, clarify and (where appropriate) correct Parts 9.2 and 9.6 (Protocols on Members’ Rights and Responsibilities and Member/Officer Relations)
 - (d) Beginning discussion on updating Parts 3.1 (Council Procedure Rules) and 6.2 (Overview and Scrutiny Procedure Rules) and
 - (e) Reviewing the Constitution against a list of Statutory Requirements.
6. The Working Group plans to carry out further work on updating Parts 3.1 and 6.2 at its meeting on 11 May and to receive a report on Part 8.3 (Contract Procedure Rules) at its meeting on 9 June.
7. The report to the Audit and Governance Committee (which will be finalised and approved at a meeting on 6 July before being delivered by 31 July) is likely to contain recommendations on the presentation of the Constitution on the Council’s Website, the Removal of the Articles and some suggestions for amendment of Parts 9.2 and 9.6.

Financial Implications

8. Other than the need to ensure appropriate officers are available to service the Working Group should it continue beyond 31 July, the recommendations in this report have no direct financial implications for the Council.

Comments checked by:

Lorna Baxter, Director of Finance lorna.baxter@oxfordshire.gov.uk

Legal Implications

9. The recommendations in this report are consistent with the Council’s statutory duty to have a Constitution and keep it up to date.

Comments checked by:

Sukdave Ghuman, Head of Legal sukdave.ghuman@oxfordshire.gov.uk

Staff Implications

10. The Working Group has been serviced by existing staff from the Council’s legal services, policy and IT departments. It is anticipated that these departments will be able to continue to provide staff to service the Working Group beyond 31 July.

ANITA BRADLEY
Director of Law and Governance

Annex: Nil

Background papers: Nil

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richard.hodby@oxfordshire.gov.uk

28 APRIL 2022

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AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME – 2021/22

11 May 2022

1. Annual Report of the Chief Internal Auditor (Sarah Cox)
2. Internal Audit Strategy & Annual Plan 2022/23 (Sarah Cox)
3. Accounting Policies for inclusion in the 2021/22 Statement of Accounts (Lorna Baxter)
4. Ernst & Young - Progress Report (Maria Grindley) Local Code of Corporate Governance (Anita Bradley)
5. Treasury Management Annual Performance Report (Tim Chapple)
6. Constitution Review Proposals

20 July 2022

1. Annual Governance Statement (Anita Bradley)
2. Ernst & Young – Final Accounts Audit (Maria Grindley)
3. Statement of Accounts 2021/22 (Lorna Baxter)
4. Internal Audit Charter (Sarah Cox)
5. Counter-fraud Plan 2022/23 (Sarah Cox)
6. OFRS Statement of Assurance 2021-22 (Don Crook)

21 September 2022

1. Local Government Ombudsman's Review of Oxfordshire Co (Anita Bradley)
2. Monitoring Officer Annual Report (Anita Bradley)
3. Constitution Review (Anita Bradley)
4. Surveillance Commissioner's Inspection and Regulation of Investigatory Powers Act (Richard Webb)
5. Ernst & Young – 2022/23 Annual Audit Letter (Maria Grindley)
6. Counter-fraud Plan 2022/23 (Sarah Cox)
7. Internal Audit Plan – Progress Report (Sarah Cox)
8. Treasury Management Strategy Performance Report (Tim Chapple)

Standing Items:

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

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