

AUDIT and GOVERNANCE COMMITTEE – 7 March 2018

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on Wednesday 7 February 2018.

Attendance:

Full Meeting:

Chairman Dr Geoff Jones; Cllr Nick Carter; Cllr Roz Smith; Cllr Helen Evans; Cllr Ian Corkin; Cllr Charles Mathew, Ian Dyson, Assistant Chief Finance Officer (Assurance); Sarah Cox, Chief Internal Auditor; Katherine Kitashima, Principal Auditor, Joanne Hilliar (minutes)

Part Meeting:

Bev Hindle, Strategic Director Communities & Sue Halliwell, Director for Planning and Place, Karen Fuller & Benedict Leigh, Deputy Directors Adult Social Care, Lucy Butler Director Children's Services & Jo Moxon, Interim Deputy Director, Scott Warner & Mick Hopkins, City Investigation Team, Anthony Connolly, Risk Manager, Steven Jones, Corporate Performance and Risk Manager.

Matters to Report:

AWG 17.39 Update on Mental Health

The group had previously considered the audit of Mental Health which has an overall grading of Red. Karen Fuller and Benedict Leigh, Deputy Directors from Adult Social Care attended to provide the group with a further update on implementation progress.

The group noted that a follow up audit has now commenced and the auditors will be on site with the Mental Health Team later in February.

Significant work has been undertaken to improve the governance and control processes, particularly in the areas of commissioning of packages and performance management. There is a detailed action plan in place with Mental Health, the outcome of the implementation of this plan is being closely monitored by Senior Management and will inform any future decisions regarding the delivery model.

The group will review the outcomes of the follow up audit and then consider whether officers will be required to attend a future meeting.

AWG 17.40 Update on a) SEND inspection Update on b) Fostering audit 2017/18

a) The group asked for an update from the recent SEND inspection and specifically what key risks, governance and control issues had been identified and whether there were sufficient plans in place for addressing these.

The group noted the improvements already implemented since the inspection around the overall governance, including reporting and accountability lines. Additional resources have been identified and appointments have been made, in the key areas where improvement is required. A Deputy Director for Education has also been recruited to address the gaps with Leadership highlighted by the inspection.

The action plan will be published in March and actions need to be reported as implemented by December to the Dfe.

b) The group had requested an update on the implementation of management actions from the audit of Fostering 2017/18, whilst the overall conclusion was Amber, the group had previously noted that several management actions from the previous audit in 2015/16 had not been implemented.

The group noted the change in management of the service and that the reports from the service back to Internal Audit on the implementation of the action plan are positive. Internal Audit will undertake a follow up later in 2018/19, following the implementation of the new Children's ICT system and report the outcomes back to the AWG for consideration.

AWG 17.41 Update on S106 Audit

The report of the audit of S106 was agreed and finalised at the end of September 2017 and has the overall grading of Red, due to the weaknesses identified with the governance arrangements and internal control processes. Officers attended the December Audit Working Group, and the full report was considered. Bev Hindle, Strategic Director and Sue Halliwell, Director attended again to update the group on progress with implementation of management actions.

The group noted good progress with the implementation of the shorter-term actions and the further work required around the restructuring of Planning and Place, the negotiations process and improvements to the systems, data and processes. The group noted that the restructuring will address issues around capacity and clarify responsibilities.

The group noted that there will be a follow up audit planned for later in 2018/19 and will consider the outcomes from this.

AWG 17.42 Fraud Risk Project

The group were updated that the plans to go live with the fraud partnership, with the City Council Investigation Team, from 1 April 2018 were progressing and that the responsibility for the counter-fraud lead will transfer from Internal Audit to the new partnership.

In advance of the partnership the City Team have started to develop an organisational Fraud Risk Assessment which will help inform the Fraud Response Plan for 2018/19. The group considered the methodology and noted the development of a more structured approach to fraud risk assessment.

It is planned that counter fraud updates will be made to both the AWG and Audit & Governance Committee from the new partnership from April 2018.

AWG 17.43 Risk Management Update

Anthony Connelly, Risk Manager, presented an update on risk management.

The group noted the work ongoing with the corporate plan, the OCC CLT strategic risk register and embedding of the risk framework within directorates. The group reviewed in detail the CLT strategic risk registers and comments were noted to feedback to CLT. There is a planned training session for all members of the Audit & Governance Committee on risk management prior to the March meeting.

AWG 17.44 VAT internal audit report 2017/18

The group considered the full report of the VAT audit, which has been recently finalised and had the overall conclusion graded as Red. The audit focused on Output VAT charged on income from sales and suppliers of services and identified errors with VAT coding across nine of the ten cost centres sampled.

The group noted the work being led by the Assistant Chief Finance Officer (Assurance) working with the VAT lead officer in Hampshire to develop an action plan to address the issues identified, including staff training, updates to the schedule of fees and charges and improved performance reporting and escalation.

The group will receive updates on implementation of these actions through the routine Internal Audit update reports.

Date of next meeting Wednesday 4 April 2018, 2pm

Recommendation

The Committee is RECOMMENDED to note the report.

Lorna Baxter
Director of Finance

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