

Division(s):

AUDIT & GOVERNANCE COMMITTEE – 15 JANUARY 2020
REPORT OF THE AUDIT WORKING GROUP – 18 DECEMBER 2019

Report by Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the report.**

Executive Summary

2. The Audit Working Group met on 18 December 2019 and received the quarterly Internal Audit update. Officers also attended to provide a progress update in respect of Security Bonds and the recently finalised audit of Oxford City Agency Agreement. Officers from Childrens attended to present their arrangements for risk management.

Introduction

Attendance:

Full Meeting: Chairman Dr Geoff Jones, Councillors: Roz Smith, Deborah McIlveen, Nick Carter, Paul Buckley.

Apologies – Cllr: Charles Mathew

Sarah Cox, Chief Internal Auditor; Tessa Clayton, Audit Manager, Katherine Kitashima, Audit Manager, Lucy Tyrrell (minutes), Ian Dyson Assistant Director of Finance.

Part Meeting:

Georgina Cox, Auditor, Eric Owens, Assistant Director – Growth and Place, Steve Thomas, Performance Information Manager (Social Care), Hannah Farncombe, Deputy Director, Steven Jones, Corporate Performance & Risk Manager, Paul Fermer, Assistant Director Community Operations, Jason Russell, Interim Director Community Operations.

Matters to Report:

AWG 19.38 Security Bonds

3. The group received a further update on the progress in addressing the weaknesses identified during the audit completed in 2017/18. The group noted that officers had assessed the position of some actions as “green” however a number of those were still not fully complete or working effectively. The group

noted concern about significant time that had elapsed since these weaknesses were identified, however noted progress is now being made to procure and implement a new software system and the ongoing work on reviewing and strengthening the end-to-end processes.

4. The group also reviewed the full management letter reporting on the probity and reconciliation work recently completed by Internal Audit, which concluded that due to the number of errors and omissions identified that the current bond register is not an accurate or complete mechanism for the recording and management of cash bonds. Officers acknowledged the significant disparity between the register and what is recorded on SAP. Officers assured the group that the immediate risk exposure was being managed, with a moratorium on all returns and releases of cash bonds and an immediate process review to ensure the robust checking and adequate segregation of duties is in place going forward.
5. The group agreed that Officers would attend the April 2020 AWG meeting to provide a further update on a) the progress with IT implementation and b) assurances that actions from the original audit report and also the new actions agreed as part of the probity review have been implemented effectively.

AWG 19.39 Children's Risk Register / Risk Management Arrangements

6. The group reviewed the risk management arrangements in place within Childrens through review of the risk registers and attendance of officers at the meeting. The group were updated with the new process embedded within Childrens whereby the annual self-assessment required by Ofsted, is reviewed on a quarterly basis alongside the directorate's risk register. The assessed risks are updated and scores revised. The group discussed some of the individual risks and the mechanism for scoring these, for example on how early intervention work was having a positive impact on performance and how this is then reviewed and reflected in the risk register scoring. The group were satisfied with the arrangements presented.
7. The AWG have asked that the Adults risk register be brought to the February 2020 AWG meeting for review.

AWG 19.40 Internal Audit of Oxford City Agency Agreement

8. The audit of Oxford City Agency Agreement has recently been finalised (October 2019), with an overall grading of Red. Officers attended to update the group regarding the agreed action plan. The group considered the full internal audit report and noted that the overall conclusion was based upon the level of oversight that OCC had over the arrangement. The group acknowledged the work already completed and that officers plan to have all actions implemented by the end of March 2020, including the value for money review which will assess the cost, quality, outcomes and customer satisfaction from the new arrangement.

9. The AWG have asked that officers return to the June 2020 meeting, by which time all agreed actions will have been implemented.

AWG 19.41 Internal Audit Update

10. The group received an update from the Chief Internal Auditor on progress against the Internal Audit Plan. A full update on plan progress is due to be made to the January A&G committee.
11. Recruitment was discussed and the group noted that in the new year, the recruitment process will be initiated to fill the remaining Senior Auditor vacant post and the AAT trainee post.
12. The group noted the ongoing follow up of Red reports and have scheduled updates from officers at future AWG meetings to report back on progress of implementation of agreed actions. Updates on S106 and Oxford City Council Agency Agreement is scheduled for June 2020 AWG meeting, Mental Health is scheduled for February 2020 AWG meeting and Security Bonds is scheduled for April 2020 AWG meeting.
13. The group noted the outstanding priority 1 management actions and also that a number of actions had no update / no response. Internal Audit will be following these up with the individual Directorate Leadership Teams. Where sufficient action is not being taken these will be referred to AWG for review.

LORNA BAXTER

Director of Finance

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Date of next AWG meeting Wednesday 12 February 2020 at 14:00