



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

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

Wednesday, 17 September 2014 at 2.00 pm

County Hall, Oxford, OX1 1ND

Peter G. Clark.

Peter G. Clark
County Solicitor

September 2014

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Membership

Chairman – Councillor David Wilmshurst
Deputy Chairman - Councillor Sandy Lovatt

Councillors

Jamila Azad
David Bartholomew
Kevin Bulmer (in place of
Councillor Simon Hoare)

Tim Hallchurch MBE
Jenny Hannaby
Nick Hards

Roz Smith

Co-optee

Dr Geoff Jones

Notes:

- ***Date of next meeting: 19 November 2014***

Declarations of Interest

The duty to declare.....

Under the Localism Act 2011 it is a criminal offence to

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

Whose Interests must be included?

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

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

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

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

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

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

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

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

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

List of Disclosable Pecuniary Interests:

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

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members’ conduct guidelines. <http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/> or contact Glenn Watson on (01865) 815270 or glenn.watson@oxfordshire.gov.uk for a hard copy of the document.

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

AGENDA

1. Apologies for Absence and Temporary Appointments

2. Declaration of Interests - see guidance note

3. Minutes (Pages 1 - 6)

To approve the minutes of the meeting held on 2 July 2014 (**AG3**) and to receive information arising from them.

4. Petitions and Public Address

5. Local Government Ombudsman's Annual Review of Oxfordshire County Council (Pages 7 - 14)

2.10 pm

Report by the County Solicitor and Monitoring Officer. (**AG5**)

Each year, the Local Government Ombudsman issues an Annual Review Report about each council regarding the complaints made to the Ombudsman about that Council in the previous financial year. This report therefore informs the Committee of the Local Government Ombudsman's Annual Review Report for this Council for the year 2013/14. In previous years, the Ombudsman issued more detailed reports with a commentary on the authority's performance. Following changes to the Ombudsman's procedures, this is no longer the case. Their Report is therefore high level and does not allow direct comparison with previous years nor does it give county averages so as to enable benchmarking. That said, overall numbers of complaints considered by the Ombudsman and the outcomes of them can be collated locally. The report highlights this overall picture which is, broadly, positive.

The Committee is RECOMMENDED to note and comment upon this report and on the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2013/14.

6. Governance and Constitution Review (Pages 15 - 38)

2.30 pm

Report by the County Solicitor & Monitoring Officer (**AG6**)

In April 2013, the Council adopted new governance arrangements which came into effect following the May 2013 elections. The Council asked its Monitoring Officer to review the effectiveness of these decision-making arrangements a year after their

coming into operation, along with the underlying Constitution. His recommendations will be considered by Full Council on 9 December. This report therefore summarises the emerging issues from the Monitoring Officer's review.

The Audit & Governance Committee is RECOMMENDED to consider and endorse the direction of travel of the review.

7. Audit Working Group Report (Pages 39 - 42)

2.45 pm

Report by the Chief Internal Auditor **(AG7)**.

The report summarises the matters arising at the meeting of the 4 September 2014.

The Committee is recommended to:

- (a) note the report; and,***
- (b) agree a named substitute for the AWG.***

8. Final Statement of Accounts 2013/14 (Pages 43 - 58)

3.00 pm

Final statement of Accounts 2013/14 and Management Representation Letter 2013/14 to the Auditors.

Reports by the Chief Finance Officer **(AG8)**.

The Committee is RECOMMENDED to:

- (a) consider and approve the Statement of Accounts for 2013/14 presented to the Committee on 2 July 2014 with the minor amendments listed above;**
- (b) consider and approve the Letter of Representation 2013/14 for the Oxfordshire County Council accounts;**
- (c) consider and approve the Letter of Representation 2013/14 for the Oxfordshire Pension Fund accounts.**

9. Ernst & Young External Auditors (Pages 59 - 104)

3.20 pm

A representative of Ernst & Young will attend for these items:-

- Annual Results Report – Oxfordshire County Council **(AG9a)**
- Annual Results Report – Oxfordshire Pension Fund **(AG9b)**
- Oxfordshire County Council Pension Updated Audit Plan **(AG9c)**
- Verbal Progress Report to Committee.

10. Internal Audit Plan - 2014/15 Progress Report (Pages 105 - 116)

3.40 pm

Report by Chief Internal Auditor (**AG10**).

This report presents the Internal Audit progress report for 2014/15.

The Committee is RECOMMENDED to note the report.

11. Quarterly Update of Responsible Localities, LEAN and New Adult Social Care IT System (Pages 117 - 120)

4.00 pm

Report of the Deputy Director Joint Commissioning (**AG11**)

The Audit and Governance Committee requested a quarterly update commencing in September 2014 of the Responsible Localities, LEAN and new Adult Social Care IT system projects. This paper provides a brief overview of these projects. The Committee are asked to note the report.

The Audit and Governance Committee is RECOMMENDED to note the paper.

12. Regulation of Investigatory Powers Act 2000 (RIPA) (Pages 121 - 138)

4.20 pm

Report by the County Solicitor & Monitoring Officer (**AG12**)

The Regulation of Investigatory Powers Act 2000 ('the Act') regulates the use of covert activities by Local Authorities. It creates the statutory framework by which covert surveillance activities may be lawfully undertaken. Special authorisation arrangements need to be put in place whenever a Local Authority considers commencing covert surveillance or considers obtaining information by the use of informants or officers acting in an undercover capacity.

Codes of Practice issued under the Act provide guidance to authorities on the use of the Act. The Code of Practice relating to covert surveillance specifies that elected members should review the authority's use of the Act and set the policy at least once a year. They should also consider internal reports on the use of the Act periodically.

This paper provides an overview of the use of activities falling within the scope of the Regulation of Investigatory Powers Act 2000 by Oxfordshire County Council in the period from April 2013 to March 2014. The report also provides an overview of the authority's Policy and the full policy is provided as an annex for committee members to review.

The Committee is RECOMMENDED to consider and note the periodic and annual use of RIPA by Oxfordshire County Council and the associated Policy.

13. Office of Surveillance Commissioners - Inspection Report (Pages 139 - 154)

4.35 pm

Report of the County Solicitor & Chief Monitoring Officer (**AG13**)

The Regulation of Investigatory Powers Act 2000 ('the Act') regulates the use of covert activities by Local Authorities. It creates the statutory framework by which covert surveillance activities may be lawfully undertaken. Special authorisation arrangements need to be put in place whenever a Local Authority considers commencing covert surveillance or considers obtaining information by the use of informants or officers acting in an undercover capacity.

As part of the inspection regime, the Office of Surveillance Commissioners carry out inspections from time to time to examine an authority's policies, procedures, operations and administration. On 29 May 2014, a Surveillance Inspector visited the County Council to inspect the processes of the Council and the Oxfordshire Fire and Rescue Service. This report summarises the findings of the Surveillance Inspector's investigation and invites the Committee to raise any questions or comments. The outcome was positive with the Inspector expressing no issues of concern and making only one procedural recommendation, which has been accepted.

The Committee is RECOMMENDED to consider and note the report.

Close of meeting: 4.40 pm

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 **Thursday 11 September at 2.00 pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 2 July 2014 commencing at 2.00 pm and finishing at 4.30 pm

Present:

Voting Members: Councillor David Wilmshurst – in the Chair

Councillor Sandy Lovatt
Councillor Jamila Azad (in place of Councillor Surinder Dhesi)
Councillor David Bartholomew
Councillor Tim Hallchurch MBE
Councillor Jenny Hannaby
Councillor Nick Hards
Councillor Roz Smith
Councillor Lawrie Stratford
Dr Geoff Jones

By Invitation: Alan Witty, Ernst & Young

Officers:

Whole of meeting Peter Clark, County Solicitor; Ian Dyson, Chief Internal Auditor; Sue Whitehead (Chief Executive's Office)

Part of meeting

Agenda Item	Officer Attending
7	Lewis Gosling (Treasury Management)
11	Stephanie Skivington (Corporate Finance)
12	David Illingworth, Senior Financial Adviser (Technical)
13	Richard Smith, OFRS

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, copies of which are attached to the signed Minutes.

29/14 ELECTION TO CHAIRMAN FOR THE CURRENT COUNCIL YEAR

(Agenda No. 1)

It was proposed, seconded and it was:

RESOLVED: That Councillor Wilmshurst be elected as Chairman for the Municipal Year 2014/15 to the first meeting of the Municipal Year in 2015/16.

30/14 ELECTION TO DEPUTY CHAIRMAN FOR THE CURRENT COUNCIL YEAR
(Agenda No. 2)

It was proposed, seconded and it was:

RESOLVED: That Councillor Lovatt be elected as Deputy Chairman for the Municipal Year 2014/15 to the first meeting of the Municipal Year in 2015/16.

31/14 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 3)

Apologies were received from Councillor Dhesi (Councillor Azad substituting).

32/14 MINUTES
(Agenda No. 5)

The Minutes of the meeting held on 23 April 2014 were approved and signed subject to the list of those attending being amended to show that Councillor Lovatt attended for part of the meeting.

It was agreed that consideration be given to moving the date of the July meeting in order to accommodate the preparation of the Statement of Accounts.

Responding to a question Peter Clark advised that he had raised the issue of the use of "Commercial" in the CHOICE values with the Chief Human Resources Officer and received a response. As the CHOICE values had been agreed at full Council there was no intention to change.

Ian Dyson advised that he would take away the Area Stewardship issue and action.

33/14 TREASURY MANAGEMENT OUTTURN 2013/14
(Agenda No. 7)

The Committee considered a report setting out the Treasury Management activity undertaken in the financial year 2013/14 in compliance with the CIPFA Code of Practice. The report included Debt and Investment activity, Prudential Indicator Outturn, changes in Strategy, and interest receivable and payable for the financial year.

Lewis Gosling and Lorna Baxter responded to individual queries from Members. In particular the Committee was advised of the approach to lending to Scottish Councils in the run up to the independence vote.

RESOLVED: to note the report, and to RECOMMEND Council to note the Council's Treasury Management Activity in 2013/14.

34/14 ANNUAL REPORT OF THE MONITORING OFFICER
(Agenda No. 8)

The Audit & Governance Committee is responsible for promoting standards of conduct for elected councillors and co-opted members. They had before them the

annual report of the Monitoring Officer that summarised relevant actions and issues that have occurred in the previous year 2013/14.

Peter Clark introduced the contents of the report and drew attention to the low number of meetings with closed sessions. A Councillor in agreeing that the number of closed sessions was low never the less commented that the Council could do more with regards to the public such as web casting.

Responding to a query on the nature of the complaints received Peter Clark advised they were not serious breaches. He added that whilst there was no Standards Committee he took a personal responsibility with regards to complaints and the number of complaints was and remained very low.

A Councillor queried whether the Guide to Candidates had been updated in line with recent developments and Peter Clark advised that he would check and that in any case when an election was announced all the material sent out was reviewed prior to it being sent.

There was some concern and discussion around the low number of scrutiny call ins and it was suggested that there was a training gap for members around awareness of the process and how best to use it including phrasing of the call in.

RESOLVED: having considered the report to endorse the annual report of the Monitoring Officer for 2013/14.

35/14 ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2013/14 (Agenda No. 9)

The Committee had before them the annual report of the Chief Internal Audit, summarising the outcome of the Internal Audit work in 2013/14, 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.

Ian Dyson, Chief Internal Auditor, introduced the contents of the report highlighting the overall opinion set out at paragraph 2.2 of the report that a reasonable assurance was provided regarding the effective, efficient and economic exercise of the Council's function.

During discussion of the internal audit performance figures Ian Dyson commented on the elapsed time between the issue of the draft report and final report which had slipped back. This did not mean that senior managers in the Directorate were not aware of issues raised as the report was often discussed with the relevant Deputy Director. It was noted that 86% of the Plan had been completed and Ian Dyson advised that more rigorous performance monitoring was being introduced to give greater visibility and control.

Responding to a question from a Member Ian Dyson and Peter Clark explained the background to the issues around encryption and egress.

There was some discussion on the increase in minor fraud and financial irregularity and the Committee was advised on the action being taken.

Councillor Bartholomew referred to the penultimate bullet point on page 81 of the agenda which related to procurement and the checking of task order values against SAP payments. He noted that there were schemes where the payments had exceeded the task order values and questioned the reasons for this. Ian Dyson undertook to respond to Councillor Bartholomew.

It was agreed that timescales for the Information Governance actions on page 65 of the agenda be circulated to members.

RESOLVED: to endorse the report.

36/14 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

(Agenda No. 10)

The Committee considered a report that provided a commentary on the effectiveness of Internal Audit in 2013/14, and which will be used as a source of evidence for the Annual Governance Statement.

RESOLVED: to approve the Monitoring Officer's assessment of the effectiveness of the system of Internal Audit 2013/14.

37/14 STATEMENT OF ACCOUNTS 2013/14

(Agenda No. 11)

The Accounts and Audit Regulations 2011 require the Chief Finance Officer to sign the Statement of Accounts no later than 30 June, and certify that they give a true and fair view of the County Council's position. The Committee had before them a report presenting the accounts certified by the Chief Finance Officer, before the start of the public inspection period and the commencement of the audit. The Audit & Governance Committee will be asked to consider and approve the accounts at its meeting on 17 September 2014, when the findings of the audit are available.

Stephanie Skivington, Corporate Finance Manager, presented the contents of the report and highlighted the summary at Annex 2 of the report.

During discussion Members suggested that it would be helpful in future if the Accounts retained their internal numbering as set out on the contents page and it was also suggested that it would be useful to see a list of major grants.

Members commented that the Governance Statement was included in the papers for the meeting twice, both here and on the item and it was agreed that this be resolved for future agendas.

RESOLVED: to:

- (a) note the Statement of Accounts for 2013/14 to be submitted to the auditor; and
- (b) note the Summary Accounts 2013/14.

38/14 ANNUAL GOVERNANCE STATEMENT 2013/2014

(Agenda No. 12)

The County Council had approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. Corporate Governance is the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions and lead and control their functions, to achieve their objectives. The quality of corporate governance arrangements is a key determinant of the quality of services provided by organisations. The Statement) before the Committee explained how the County Council had complied with the Code in 2013/14. The report satisfied the requirement to produce an Annual Governance Statement in the Accounts and Audit Regulations 2011.

The separate statement of assurance needed by the Fire and Rescue service is also mentioned. The Statement included an update on actions identified last year to be carried out during 2013/14 and new actions to be followed up in 2014/15.

During discussion Members noted the work in progress with regard to partnerships and it was agreed that the relevant web site addresses with regards to partnerships be included in the minutes.

RESOLVED: to approve the Annual Governance Statement 2013/14, subject to the County Solicitor & Monitoring Officer, making any necessary amendments in the light of comments made by the Committee, after consultation with the Leader of the Council, Chief Executive and Section 151 Officer.

39/14 FIRE & RESCUE SERVICE STATEMENT OF ASSURANCE 2013-14

(Agenda No. 13)

The Fire and Rescue National Framework for England (the Framework) sets out a requirement for fire and rescue authorities to provide an annual statement of assurance on financial, governance and operational matters and to show how they have due regard to the requirements of the Framework and the expectations set out in authorities' own integrated risk management plans. To demonstrate this, the Framework requires that each authority must publish an annual statement of assurance.

The Statement of Assurance 2013/14 document is intended to meet the obligation to produce this statement through reference to public webpages, existing reports and documents. The report was prepared following the Department for Communities and Local Government guidance on statements of assurance for fire and rescue authorities in England. The structure of the report was based on guidance contained in Chief Fire Officers Association (CFOA) Circular 2013-10 appendix - draft table of contents statement of assurance. The statement of assurance is intended to be published on the public website only, it is not intended to produce hard copy versions. The OCC Annual Governance Statement 2013/14 makes reference to the statement of assurance and provides a link to the web address.

Richard Smith, GM Organisational Assurance Manager, OFRS presented the report highlighting the response standard and the peer review challenge.

During discussion Members commented that it was an encouraging report and that the Fire & Rescue Service in Oxfordshire was a service to be proud of. Asked about the number of vehicles that would attend an incident Richard Smith advised that for each type of incident there is a pre-determined initial level of attendance. This is scaled back if not needed or increased where necessary. Members stressed the continuing importance of local members being notified where there was an incident in their area.

RESOLVED: to approve the Fire & Rescue Service Statement of Assurance 2013/14.

40/14 ERNST & YOUNG - PROGRESS REPORT
(Agenda No. 14)

The Committee considered the Oxfordshire County Council Progress Report July 2014, together with a Local Government Audit Briefing, including Key Questions.

During discussion the future of local audit services was raised and the Committee was updated with regard to the use of Auditor Panels in the appointment of external auditors. It was noted that the changes would not take effect until 2017 and it was agreed that the matter be added to the Work Programme for next year.

RESOLVED: to note the report and briefing note.

41/14 REPORT FROM THE AUDIT WORKING GROUP
(Agenda No. 15)

The report before the Committee summarised the matters arising at the meeting of the Audit Working Group on 20 June 2013.

RESOLVED: to:

- (a) note the report; and
- (b) to appoint the following members and named substitutes of the Audit Working Group:

Councillors Wilmshurst, Lovatt, Roz Smith
Named substitutes: Councillors Stratford, Hannaby

It was confirmed that all members of the Audit & Governance Committee were welcome to attend and participate.

..... in the Chair

Date of signing 2014

Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE - 17 SEPTEMBER 2014

LOCAL GOVERNMENT OMBUDSMAN – ANNUAL REVIEW REPORT

Report by County Solicitor and Monitoring Officer

Introduction

1. Each year, the Local Government Ombudsman (LGO) issues an Annual Review Report about each council in relation to the complaints made to the Ombudsman about that Council in the previous financial year. My report to this Committee therefore informs members about the LGO's Annual Review Report about Oxfordshire County Council for the year 2013/14.
2. In previous years, the Ombudsman issued more detailed Annual Reports with a commentary on each authority's performance. Following changes to the LGO's investigations procedures, this is no longer the case. Their Report is therefore high level and does not provide a direct comparison with previous years nor does it give county averages so as to enable direct benchmarking.
3. However, the figures for other county councils reveal that Oxfordshire is the fifth-lowest in terms of the number of referrals to the Ombudsman; and the lowest in terms of the percentage of complaints actually upheld by the Ombudsman. This reflects very well on the Council's system of control as expressed through the Council's own complaints handling processes.

The LGO's 2013/14 report

4. Under the Local Government Act 1974, the LGO has two main statutory functions:
 - To investigate complaints against councils (and some other authorities)
 - To provide advice and guidance on good administrative practice
5. Following changes to the structure of the Ombudsman's investigative and recording procedures, the Ombudsman now records the following categories of information – summarised in their Annual Review Report (attached as Annex 1 to this report):
 - Complaints and enquiries received by subject area
 - Decisions made (upheld, not upheld, advice given, closed after initial enquiries, incomplete/invalid and premature)

Complaints and enquiries received by LGO

6. During 2013/14, the LGO received **50** *complaints and enquiries* about the Council. In 2012/13, this had been 39; and in 2011/12 47. The number therefore fluctuates each year and cannot of itself be regarded as an accurate assessment of Council performance. Annex 1 includes the LGO's full list of subject areas which have attracted referrals to the Ombudsman, the top three being:

- Adult care services 15 individual complaints to the LGO
- Education and children's services 15 "
- Highways and transport 11 "

7. To put this in context, the LGO's publication *Review of Local Government Complaints 2013/14* notes that of the 18,500 complaints it received that year, these three services also attracted a significant number of complaints on a national basis:

- Education and children's services 17% of all LGO complaints
- Adult social care 12% (the most significant subject area rise over previous years)
- Highways and transport 11%

8. The services attracting most complaints included district council functions such as council tax and planning. Therefore, occurrence of complaints about the three subject areas in paragraph 6 is not itself surprising and accords with national trends.

Decisions made by LGO

9. The more telling figure relates to the actual *decisions* made by the LGO (of which there were 60, with 10 cases carrying over from the previous year). This is because the majority of enquiries and complaints received by the LGO were simply closed and not pursued at all (22 of 60 cases); or were referred to the Council for resolution (14 out of 60 cases) as the complainant had not allowed the Council to consider the complaint first. The LGO no longer publishes information about councils' compliance with the normal 20 working day timescale for submitting responses back to the LGO. However, the overall percentage compliance rate, as recorded by this Council for 2013/14 is 99%, which represents a slight improvement, year on year, for the past three years.
10. **Investigations** were carried out into 21 complaints. The LGO's report indicates that of these, 14 were not upheld, while 7 were upheld. However, after checking these figures with the actual decisions issued by the LGO, these statistics require amendment. In fact **16 cases were 'not upheld' and 5 cases were 'upheld'**. The LGO has been asked to correct this on its own records.

11. Thumbnail details of these 5 “upheld complaints” are as follows:

Nature of complaint	Decision	Remedy
Failure to take action to address the misuse of public facilities in a lay-by on the A40	Council failed to pursue the options addressed to resolve the issues.	Council to review the options and actively work with stakeholders to improve the situation within a specified time
Grandmother admitted to wrong level of care and the home did not respond to her needs	Right to place the lady in the care home; but failure to review placement earlier; failure to refer to falls unit earlier and to follow up recommendation of the falls service following referral.	Agreed to review processes and requirements for record keeping.
Failure to hear an appeal against a decision not to issue a driver’s badge to transport children	Flawed and delayed decision when driver refused an appeal for a driver’s badge to transport school children	Apology to complainant; payment of £3,800 toward lost income and costs, time and trouble; issue revised process for issuing badges and guidance for applicants.
Delay in undertaking care assessment and not providing appropriate care/support to family	Delayed reviewing support plans and child in need plans. Evidence of administrative fault; family not significantly affected by it.	Agreed to review processes and remind staff of the importance of reviewing support plans and child in need plans at appropriate intervals.
A provider on behalf of the Council failed to give the appropriate 1-2-1 support	Uncertainty existed as to whether appropriate care had received the full amount of 1-2-1 care	Agreed to commission an independent person to assess whether the appropriate 1-2-1 care had been provided

Comparison with other county councils

12. A comparison of overall LGO ‘decision statistics’ for other county councils shows that Oxfordshire County Council:
- Attracted the fifth lowest number of referrals to the LGO
 - Had the lowest percentage of complaints actually upheld by the LGO
 - Had the fifth highest number of complaints closed by the LGO after first enquiry (i.e. no case to answer)
13. The comparison shows that not only has the Council one of the highest instances of complaints being closed by the LGO after first assessment, but once complaints were fully investigated, we have the lowest county incidence of complaints being upheld. A population comparison shows that, among county councils, Oxfordshire had two upheld LGO complaints for every 100,000 of population, which is the lowest among county councils in England.

14. This sound position reflects well on the work of the Directorates of the Council. It is noteworthy that the Council's complaints processes stand up well in comparison with the best practice recommended by the LGO. For instance, in the LGO's report *Review of Local Government Complaints 2013/14*, two of the instances of best practice are *accessibility to council's complaints processes*; and *whether complainants are properly signposted to the Ombudsman*. In the first case, the County Council enables people to make complaints in person, on the phone, by email or online. In terms of referrals, all of the Council's final responses to a complainant advise them of the right to take matters to the Ombudsman; our responses also give up to date contact details for doing this.

Conclusion

15. This year's Annual Letter from the Ombudsman is encouraging. The number of complaints upheld by the Ombudsman is a low proportion of the investigations actually undertaken by her. Compared to other counties, the Council has the lowest proportion of upheld complaints. This is not a matter for complacency; however, it does indicate that the Council's own complaints processes are working effectively.
16. On my behalf, the Complaints & Freedom of Information team continues to disseminate best practice, case studies and advice to managers on the handling of complaints, to keep knowledge current. The Team also leads on the co-ordination of LGO complaints, liaising with service managers to ensure that the LGO receives a full and frank response, in the interests of accountability and good governance.

Financial and Staff Implications

17. None.

RECOMMENDATION

18. **The Committee is RECOMMENDED to note and comment upon this report and on the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2013/14.**

PETER CLARK
County Solicitor and Monitoring Officer

Background papers: Local Government Ombudsman's "Review of Local Government Complaints 2013/14"
Contact Officer: Peter G Clark, County Solicitor & monitoring Officer; Tel (01865) 323907

September 2014

7 July 2014

By email

Ms Joanna Simons
Chief Executive
Oxfordshire County Council

Dear Ms Joanna Simons

Annual Review Letter 2014

I am writing with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2014. This is the first full year of recording complaints under our new business model so the figures will not be directly comparable to previous years. This year's statistics can be found in the table attached.

A summary of complaint statistics for every local authority in England will also be included in a new yearly report on local government complaint handling. This will be published alongside our annual review letters on 15 July. This approach is in response to feedback from councils who told us that they want to be able to compare their performance on complaints against their peers.

For the first time this year we are also sending a copy of each annual review letter to the leader of the council as well as to the chief executive. We hope this will help to support greater democratic scrutiny of local complaint handling and ensure effective local accountability of public services. In the future we will also send a copy of any published Ombudsman report to the leader of the council as well as the chief executive.

Developments at the Local Government Ombudsman

At the end of March Anne Seex retired as my fellow Local Government Ombudsman. Following an independent review of the governance of the LGO last year the Government has committed to formalising a single ombudsman structure at LGO, and to strengthen our governance, when parliamentary time allows. I welcome these changes and have begun the process of strengthening our governance by inviting the independent Chairs of our Audit and Remuneration Committees to join our board, the Commission for Administration in England. We have also recruited a further independent advisory member.

Future for local accountability

There has been much discussion in Parliament and elsewhere about the effectiveness of complaints handling in the public sector and the role of ombudsmen. I have supported the creation of a single ombudsman for all public services in England. I consider this is the best way to deliver a system of redress that is accessible for users; provides an effective and comprehensive service; and ensures that services are accountable locally.

To contribute to that debate we held a roundtable discussion with senior leaders from across the local government landscape including the Local Government Association, Care Quality Commission and SOLACE. The purpose of this forum was to discuss the challenges and opportunities that exist to strengthen local accountability of public services, particularly in an environment where those services are delivered by many different providers.

Over the summer we will be developing our corporate strategy for the next three years and considering how we can best play our part in enhancing the local accountability of public services. We will be listening to the views of a wide range of stakeholders from across local government and social care and would be pleased to hear your comments.

Yours sincerely

A handwritten signature in black ink that reads "Jane Martin". The signature is written in a cursive style with a long horizontal flourish at the end.

Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

Local authority report – Oxfordshire County Council

For the period ending – 31/03/2014

For further information on interpretation of statistics click on this link to go to <http://www.lgo.org.uk/publications/annual-report/note-interpretation-statistics/>

Complaints and enquiries received

Local authority	Adult care services	Benefits and tax	Corporate and other services	Education and children's services	Environmental services and public protection and regulation	Highways and transport	Housing	Planning and development	Total
Oxfordshire CC	15	0	5	15	1	11	1	2	50

Decisions made

Local authority	<u>Detailed investigations carried out</u>		Advice given	Closed after initial enquiries	Incomplete/Invalid	Referred back for local resolution	Total
	Upheld	Not upheld					
Oxfordshire CC	7	14	2	22	1	14	60

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Division(s): NA

AUDIT & GOVERNANCE COMMITTEE

17 SEPTEMBER 2014

GOVERNANCE AND CONSTITUTION REVIEW

Report by County Solicitor and Monitoring Officer

Introduction

1. In April 2013, the Council adopted new governance arrangements which came into effect following the May 2013 elections. The Council asked its Monitoring Officer to review the effectiveness of these decision-making arrangements a year after their coming into operation, along with the underlying Constitution. His recommendations will be considered by Full Council on 9 December. This Committee, given its remit for overseeing effective governance, and is therefore being asked to comment on the emerging issues from the Monitoring Officer's review, which are included in this report.
2. The governance and constitution reviews are of course related. In both instances, while the Council cannot increase its resources and would not wish to extend its bureaucracy, it can maximise the use of its existing resources to better effect; particularly, for instance, with regard to scrutiny.

Background

3. The new arrangements, following the elections, were made to involve members further in policy development ahead of decision-making and to improve decision making generally. For instance:
 - Scrutiny: the aim being to tie scrutiny more closely to the business and priorities of the Council
 - Cabinet Advisory Groups: the aim being to enhance decision making through effective prior involvement of members in policy development
 - Locality meetings: the aim being to assist councillors in representing their communities through a more focused flow of information and to enable decision-making to benefit further from councillor perspectives of services 'on the ground'
4. The changes had involved:
 - Reducing the number of scrutiny committees from six to three: Performance, Education and Joint Health Overview and Scrutiny
 - Creating the option to hold task-and-finish Cabinet Advisory Groups to support the Cabinet in policy development
 - Creating a standing Transport Advisory Panel

- Creating 9 locality meetings to integrate member perspectives more fully into the decision-making of the Council and to ensure better information to and from the local level
5. To inform the review, the Monitoring Officer consulted a cross-party Sounding Board of members established by the Audit & Governance Committee which itself has a watching brief over the review. As a result, the Monitoring Officer formally consulted all councillors, co-opted members and senior managers to obtain their views about each aspect of the governance. Agenda and outcomes reviews, consultation with political group leaders, cabinet members and scrutiny chairmen were also undertaken.
 6. Views were also sought about the supporting Constitution. A section-by-section review was undertaken of it, particularly those key sections such as the Council, Cabinet, Scrutiny, Contract and Financial Procedure Rules, with a view to updating, clarifying and improving the rules which underpin the Council's decision-making arrangements.
 7. A copy of the summary of the members' survey is included as **Annex 1** and a schedule of potential changes to the Constitution is included as **Annex 2**.

Emerging Issues

Governance

7. The governance changes are considered to have been beneficial in engaging members further and achieving a closer focus on the business of the Council. There is a consensus that the arrangements should be allowed to bed down and that no major changes are necessary although greater clarity as to the roles/remits around decision-making and information would be welcome. Co-opted members are equally satisfied, on the whole, that they feel engaged and that the arrangements work well for them. The headline issues arising from the governance review:
 - **Locality Meetings:** these have been very successful and are perceived by councillors and officers to be working well, engaging and informing councillors more fully in the interests of their community and the delivery of council services. The challenge is to build on this and achieve greater engagement with wider service- and policy development.
 - **Cabinet Advisory Groups (CAGs):** CAGs are regarded as a useful aspect of the Council's governance, informing service and policy development with the benefit of wider member experience. The challenge is to continue to raise their profile among members and ensure they are contributing effectively and visibly. Improved public awareness is already being facilitated (on the website) about CAGs and the outcomes of their work.
 - **Keeping members informed:** an encouraging outcome has been that members consider they are generally being kept more informed about issues affecting their area. Well-informed councillors are crucial to

effective democracy, representation and decision-making. It is encouraging that councillors are positive about their access to information.

- **Council:** the emphasis here is to improve the procedures to streamline effective debate and decision-making to improve decision-making and debate. For example, motions to be alternated between groups; questions and motions to be limited to 3 per person.
- **Cabinet:** the Leader wishes to engage local members more fully in terms of receiving their views and hearing their questions
- **Scrutiny:** no real demand for change has been expressed; rather it is the view that the arrangements should be allowed to bed down and that more emphasis should be given towards continuing to develop a more targeted focus on key issues and performance. This might, for example, involve the use of councillor briefings to increase specialist knowledge and the carrying out reviews of specific areas of concern.

8. Most of these issues can be taken forward resolved through a greater emphasis on communication and engagement; and the alignment of the Constitution.

Constitution

9. Clearly any decisions arising from the governance review which affect the governance structure itself will require constitutional changes. However, many of the Constitutional changes would effectively be 'tidy up' measures to:

- Streamline county council business by providing further clarity or less bureaucracy.
- Reduce the number of sections within the Constitution or otherwise to make the use of it easier, e.g. through potential inclusion of an index (as some authorities do).
- Update legislation and post roles.

10. However, some potential changes raise issues of principle. These include:

- **Council Meetings:** provisions for making these meetings more effective
- **Cabinet Meetings:** facilitating members' engagement with Cabinet in giving views and asking question
- **Scheme of delegation:** revisions to achieve greater clarity over senior officer responsibilities e.g. directors
- **Contract Procedure Rules:**
 - clarity over the thresholds for triggering tendering (if the amount exceeds EU threshold then tender necessary; if below then Directors to determine having regard to the achievement of best value/value for money)
- **Contract Procedure Rules (CPRs):** Legislative changes, affecting the procurement regime, will be forthcoming later this year. This will require a fundamental review of the CPRs and will revise thresholds, contract clauses, division of contracts into lots and include currently excluded contracts such as those for CEF, S&CS and Public Health. The legislative

changes will be the result of the UK Public Procurement Regulations implementing an EU directive.

- **Petition Scheme:** the Petition Scheme is little used and is no longer a statutory requirement. The Council Procedure Rules already contain the most often used provisions for making and presenting petitions. It is therefore suggested that this section is no longer needed. should be removed.); its wider provisions have been very.
- **Locality Meetings:** given the success of these meetings and the consensus to continue them, it is suggested that the Constitution sections on the roles of members should include reference to Locality Meetings.

Financial, staff and legal implications

11. Given that it is not intended to amend the governance arrangements significantly, there would be no material financial or staffing implications. The Constitution is, in any case, updated in line with new legislation whenever this occurs and the currently envisaged amendments would accord with this.

Conclusion

12. The Governance Review has raised no significant concerns either from councillors, co-opted members or senior managers. The key issues are: enabling the arrangements to bed down, raising members' awareness of them and achieving a focus (in scrutiny) on priority areas. The Constitution Review, while necessarily reflecting the Governance Review, can also achieve a greater clarity on various procedures, assisting in improving efficiency.
13. Cabinet and the Performance Scrutiny Committee will also be informed of these emerging issues, prior to Council's consideration of the Monitoring Officer's final recommendations on 9 December.

RECOMMENDATION

14. **The Audit & Governance Committee is RECOMMENDED to consider and endorse the direction of travel of the review.**

Peter Clark
County Solicitor and Monitoring Officer

Contact Officer:
Peter G Clark, County Solicitor & Monitoring Officer; Tel: (01865) 323907

September 2014

Governance Review 2014 Summary of member survey responses

Overview

The survey of councillors showed an overall satisfaction with the governance arrangements and that the changes are considered to have been beneficial in engaging members further and achieving a closer focus on the business of the Council. There is a consensus that the arrangements should be allowed to bed down and that no major changes are necessary. Key points:

- Locality Meetings: the big success of the new governance arrangements, Locality Meetings are perceived to be working very well; the challenge now being to ensure that they achieve greater level of engagement with service and policy development
- Cabinet Advisory Groups (CAGs): CAGs are regarded as a useful aspect of the Council's governance; the challenge now being to raise their profile among members and ensure they are contributing effectively and visibly
- Keeping members informed: an encouraging outcome has been that members feel they are generally being kept informed about issues affecting their area
- Cabinet: overall satisfaction; the challenge now being how to action the Leader's willingness to engage members more fully
- Scrutiny: overall satisfaction with arrangements and an aspiration to achieve a more targeted focus on key issues and performance
- Council: the challenge is to improve the efficiency of Council business (e.g. through clarification of the procedure rules)

Member Survey - responses

Response rate:

64% of councillors responded (40 out of 63 responses).

Includes:

- 9 cabinet members
- 12 participants in CAGs
- 23 scrutiny members
- 40 locality meeting comments

Overview

Members were presented with several 'ratings questions' and then were invited to comment. More councillors responded to the 'ratings' than gave comments.

Therefore, what follows indicates the overall response. Responses to the ratings questions have been shown as % of councillors responding to the question.

Comments, being more subjective, have been given simply as 'the numbers of councillors making the point'. They serve as illustration only. In some cases, given the low numbers making the point, the issue cannot reliably be seen as representative of a particular issue or concern.

Locality Meetings

90% (36 out of 40) respondents answered the ratings questions.

- 89% of those responding to this question agreed or strongly agreed that the Locality Meetings are a useful addition to the governance arrangements
- 3% disagreed or strongly disagreed that Locality Meetings were a useful addition
- 8% had no view as to their usefulness

- 86% agreed or strongly agreed that the Locality Meetings provided a useful way of hearing and sharing views about issues of importance to their constituency
- 11% disagreed or strongly disagreed that they are useful in hearing/sharing constituency views
- 3% had no view

Comments summary

- Useful addition and a good forum for sharing views and hearing about the locality (7 members)
- Perhaps need to be more frequent and/or a little longer (8 members)
- Early days as to whether the locality meetings tie in to the wider governance arrangements (6 members)
- Chairmanship crucial to keep meetings useful and prevent them from being a talking shop/sidelining some divisions (2 members)

Council

80% (32 out of 40) of respondents answered the ratings questions.

- 26% of those responding to this question agreed that Council is an effective means of debating/delivering Council business
- 42% disagreed or strongly disagreed that Council is effective means of debating/delivering Council business
- 32% were neutral as to the effectiveness of Council

- 84% agreed strongly agreed that changes should be made to improve debate and decision-making

- 3% disagreed that changes should be made
- 13% were neutral as to whether changes should be made

Comments summary

- Too many motions (5 members)
- Too many cabinet-related questions that should remain in cabinet (3 members)
- Potentially limit the number of motions per councillor (2 members)
- Council should finish later than 3.30 (i.e. at 4 or 5 pm) – particularly mentioned by Lib Dems (and Green) (5 members)
- Not enough time for debate (linked to previous point) (2 members)
- Too much use of 'move to vote' by the Administration, curtailing debate (2 members)
- Meetings should be webcast (2 members)

Cabinet

73% (29 out of 40) of respondents answered the ratings questions

- 21% of those responding to this question agreed that Cabinet engages effectively with wider member views and opinion
- 59% disagreed or strongly disagreed that Cabinet engages effectively with member views/opinion
- 21% were neutral that it engaged effectively with member views/opinion

Comments summary

- Sense that Cabinet does not seek or listen to other councillor views (2 members)
- Debate insufficient:
 - Other groups, not just Opposition, should have opportunity to speak (particularly mentioned by Lib Dems) (6 members)
 - Done deal – no real debate (4 members)
 - Little input from other members (4 members)
 - Councillors don't take opportunity to raise questions (4 members)
 - Scrutiny should have greater pre-consideration (2 members)

Cabinet Advisory Groups

58% (23 out of 40) respondents answered the ratings questions

- 56% of those responding to this question agreed or strongly agreed that CAGs had been a useful addition to governance arrangements
- 21% disagreed or strongly disagreed that CAGs had been a useful addition
- 22% had no view whether CAGs had been a useful addition

- 37% agreed or strongly agreed that CAGs had addressed the right issues
- 18% disagreed or strongly disagreed that CAGs had addressed the right issues
- 45% had no view on whether CAGs had addressed the right issues

Comments summary

- Need for more info and visibility on what these are, how appointed, how they operate and outcomes (11 members)
- Usefulness/effectiveness not fully established and needs bedding down (especially in relation to impact on policy development) (3 members)
- More of a means of informing members than delivering policy development (2 members)

Transport Advisory Panel

40% (16 out of 40) of respondents answered the ratings questions

- 44% of those responding to this question agreed or strongly agreed that the TAP had been a useful addition to the governance arrangements
- 31% disagreed that the TAP had been useful
- 25% had no view as to whether the TAP was useful

- 81% thought that some changes should be made to the way TAP operates
- 13% did not think changes should be made to TAP
- 6% had no view as to whether changes should be made to TAP

Comments summary

- Need for more info and visibility on what these are, how appointed, how they operate and outcomes (7 members)

Scrutiny – Generally

86% (32 out of 40) of respondents answered the ratings questions

- 31% of those responding to this question agreed or strongly agreed that current arrangements are working well
- 47% disagreed that the arrangements were working well
- 22% had no view as to whether the arrangements were working well

- 65% thought that some changes should be made to how Scrutiny operates
- 26% did not think that changes should be made
- 10% had no view as to whether changes should be made

Comments summary

- Adult Scrutiny Committee should be reintroduced (cross party view) (8 members)
- Scrutiny seems to have reduced too much – more time and resource needed for it to be effective (3 members)
- Challenge to the executive appears diminished (2 members)

Performance Scrutiny

70% (28 out of 40) respondents answered the ratings questions

- 46% of those responding to this question agreed or strongly agreed that the committee provided an effective means of performance management
- 31% of respondents disagreed or strongly disagreed with that the committee provided an effective means of performance management
- 18% had no view on the effectiveness of the committee

Comments summary

- Perhaps covers too much – too broad and not sufficiently holding the executive to account (5 members)
- Primacy of this committee masks importance of other subject areas worthy of scrutiny (3 members)

Education Scrutiny

65% (26 out of 40) respondents answered the ratings questions

- 61% of those responding to this question agreed or strongly agreed that the committee provided an effective means of reviewing educational issues
- 12% disagreed or strongly disagreed
- 27% had no view on this

Comments summary

- Role is evolving alongside Oxon CC's role in education (2 members)
- Purpose and efficacy not sufficiently bedded down (5 members)
- Some queries as to whether the social care side of children's services should be more prominently represented in scrutiny (2 members)

Joint Health Overview & Scrutiny

50% (20 out of 40) respondents answered the ratings questions

- 52% of those responding to this question agreed or strongly agreed that JHOSC provided an effective means of reviewing health issues
- 19% disagreed or strongly disagreed
- 30% had no view

Comments summary

- Prominence increased with return of public health function to Oxon CC (2 members)
- Maintaining the effectiveness of JHOSC is important to delivery of public health (2 members)

Health and Wellbeing Board

50% (20 out of 40) of respondents answered the ratings questions

- 35% of those responding to this question agreed or strongly agreed that the HAWB was an effective means of promoting health and wellbeing
- 20% disagreed or strongly disagreed
- 45% had no view

Comments summary

- Important area of work but still finding its feet (5 members)
- More info needed for councillors on role and effectiveness (4 members)

Audit and Governance Committee

40% (16 out of 40) respondents answered the ratings questions

- 62% of those responding to this question agreed or strongly agreed that A&G provides an effective means of reviewing the council's governance and ethical standards
- 6% disagreed or strongly disagreed
- 31% had no view

Comments summary

- Greater clarity needed between this and Performance Scrutiny (3 members)
- Generally effective (4 members)

Planning and Regulation Committee

35% (14 out of 40) respondents answered the ratings questions

- 71% of those responding to this question agreed or strongly agreed that P&R was effective
- 14% disagreed or strongly disagreed
- 14% had no view

Remuneration Committee

38% (15 out of 40) respondents answered the ratings questions

- 80% of those responding to this question agreed or strongly agreed that the Remuneration Committee provided an effective means of managing the council's pay policy etc
- 20% had no view

Information for councillors

95% (38 out of 40) respondents answered the ratings questions.

- 76% of those responding to this question agreed or strongly agreed that they were satisfied with the level of communication they receive about the council and its services
- 11% disagreed or strongly disagreed that they were satisfied with the level of communication
- 13% had no view

- 67% agreed or strongly agreed that the format of reports (length, content, ease of reading) was about right
- 22% disagreed or strongly disagreed
- 11% had no view

- 70% agreed or strongly agreed that they were satisfied with the information available about who to contact in the council
- 22% disagreed or strongly disagreed
- 8% had no view

- 60% agreed or strongly agreed that they received a timely reply from officers when asked for information
- 29% disagreed or strongly disagreed
- 11% had no view

Comments summary

- Reports useful but too long; perhaps introduce one-page summaries; plainer English (3 members)
- Most officers very helpful – but can take too long to get replies to queries; perhaps standard upper limit response time (5 members)
- Knowing who to contact still a challenge for some (2 members)
- Welcome Handbook well received but contacts list should be regularly/more frequently updated (2 members)

Constitution and rules/protocols

95% (38 out of 40) respondents answered the ratings questions.

- 77% of those responding to this question agreed or strongly agreed that they understood their rights to information under the Constitution
- 8% agreed or strongly disagreed that they understood their rights
- 16% had no view

- 87% agreed or strongly agreed that they knew how to raise issues for consideration at the Council's formal meetings
- 3% disagreed that they knew how to raise issues at formal meetings
- 11% had no view

AG6

- 54% agreed or strongly agreed that their views about issues in their constituency were listened to by the Council
- 30% disagreed or strongly disagreed
- 16% had no view

Comments summary

- No common views on the Constitutional rules

END

Constitution Review

Overview

This report summarises the key issues and potential changes that have been raised as part of the comprehensive Constitution Review. It follows the structure of the Constitution and itemises the issues/potential changes under each.

Summary:

Any decisions arising from the governance review might also require Constitutional changes. In addition, consideration by officers has identified a range of potential Constitution changes, set out in more detail below. These will require further sifting and consideration. Most are being suggested to:

- Streamline county council business by providing further clarity or less bureaucracy.
- Reduce the number of sections within the Constitution or otherwise to make use of it easier, e.g. through potential inclusion of an index (as some authorities do).
- Reflect legislation and post roles

Key potential changes include:

- Council Meetings: provisions for making these meetings more effective (page 5-6).
- Cabinet Meetings: Leader's wish to 'relax' the rules of members' addressing the meeting (page 6).
- Scrutiny: how best to take forward Health Scrutiny (either as a joint committee or as a formal committee only of this Council; this point is receiving further legal research and attention. (page 4).
- Scheme of delegation: revisions to achieve greater clarity over roles e.g. which posts are intended have 'director' status etc. (page 8).
- Contract Procedure Rules:
 - clarity over the thresholds for triggering tendering (if the amount exceeds EU threshold then tender necessary; if below then Directors to determine having regard to the achievement of best value/value for money.
 - certain changes can be made now to simply the requirements for demonstrating competition necessary above EU thresholds that require tender; and otherwise simply to demonstrate best value (see pages 9-10)
- Contract Procedure Rules (CPRs): Legislative changes, affecting the procurement regime, will be forthcoming later this year. This will require a fundamental review of the CPRs and will revise thresholds, contract clauses, division of contracts

into lots and include currently excluded contracts such as those for CEF, S&CS and Public Health. The legislative changes will be the result of the UK Public Procurement Regulations implementing an EU directive (see pages 9-10).

- Petition Scheme: to be discontinued; no longer a statutory requirement); its wider provisions have been very infrequently used and the thresholds for achieving a debate or holding an officer to account have never remotely been reached; whereas the more regularly used provisions (of presenting petitions at Council meetings) are part of the Council Procedure Rules in any case (see page 12).
- Localities: given the success of these meetings and the consensus to continue them, it is suggested that their purpose should be mentioned in the Constitution's Articles Annex (see page 12).

Part 1 – Summary and explanation

- Key decisions: to review and clarify the Council's meaning of what a 'key decision' should be, under the Constitution.

Part 2 – Articles

Structure

- Suggest that there could be fewer articles:
 - Three relate to the Constitution itself (1, 14 and 15) and so could be merged
 - Merge CAGs (Article 6A) and Transport Advisory Panel (6B) under a generic 'Cabinet Advisory Groups' article

Clarity

- Certain minor changes to amend typos and make certain points clearer

Articles – in substance

Article 4: Full Council

- Policy framework: do Corporate Plans need to go to Full Council?

Article 6: Cabinet

- Cabinet committees referenced in Article 6 but detail is in the Cabinet Procedure Rules – potential for cross-referencing of the sections to improve clarity.
- Para 7(c) – This to be deleted: it specifies that the Leader/Cabinet member may form ‘groups’ (of officers/cllrs etc.) to assist them in providing advice to Cabinet: not needed now CAGs are in place.

Article 6A: Cabinet Advisory Groups

- No suggested changes save...
- Para 2 (ix) clarify that “nevertheless.... Groups may **not** wish to meet in public”.

Article 7: Overview and Scrutiny

- Para 1 – Terms of reference – make it clearer that the membership is appointed by the Council and that Chairman and Deputy Chairman appointed by Committee as the first item of business each municipal year.
- Para 1 - Clarify what rules the Health O&S Committee use to conduct their business – own Constitution and Rules 6.2 if moot.
- Para 4 – Education Transformation Board – doesn’t exist and so points (a) and (b) need amending to remove references.

Article 8: Committees

- Corporate Parenting Group – on balance this Corporate Parenting Group is happy to remain informal; no constitutional inclusion needed.

Article 8A: Health and Wellbeing Board

- Amendments to update accuracy:
 - Names of organisations, number and of type of sub-boards
- Addition of the role of JMGs (with Adult Partnership Board being abolished)
- Para 4: amend ‘chairmanship’ paragraph to: “Meetings of the Board will be chaired by the Leader of the Council and the Vice-Chairman will be its Clinical Chair as notified to the Monitoring Officer of Oxfordshire County Council”
- Para.10 - need to clarify expectations re: the frequency of meeting e.g. that it’s for the Board to determine ‘but in public at least 3 times a year etc.’

Article 10: Agency, Joint and Partnership Arrangements

Partnership:

- Add a section here about the principles of Partnership working and add a light touch reference to the LEP/City Deal (but not to the extent of expressing their terms of reference etc.) and how these report back to the Council

Growth Board:

- Add the Growth Board as a joint committee of the Council

Article 11: Officers

- Terminology – need to achieve greater clarity over the terminology of the titles used. Delete the term ‘Chief officers. Make clear that the term ‘director’ (and the delegation accruing to that post) includes the Chief Executive, Directors, the Chief Fire Officer and the three statutory posts of Monitoring Officer, Chief Finance Officer (Section 151) and Chief Internal Auditor. Then dovetail this with Part 7.3 Scheme of Delegation
- Part 1 – Director of Public Health:
 - insert section on services covered by Director of Public Health
 - Chief Medical Adviser – add footnote to specify that Director of Public Health is the Council’s Chief Medical Adviser within the terms of the Mental Health Act 1983

Article 12: – Decision making

- Para 1 - responsibility for decision making: last sentence states that the record of responsibility for who-decides-what ‘is set out in this Constitution’. This suggests a separate specific document. Better to cross-refer to scheme of delegation.
- Para 3 - key decisions taken by officers need to be in the Forward Plan. Need to be clearer about what we expect with regard to officer executive decision making to bring this into line with Exec Arrangement Regs. Need to add section in this Article, as we have for other decision makers, from Rule 4 onwards.
- Forward Plan: suggestion of not including non-key executive decisions in the Forward Plan. Notwithstanding any political decision on that, if they remain in Forward Plan it should be made clear that is a (non-statutory) requirement of our Constitution

Part 3 – Council

Council Procedure Rules

- Taking of advice: consider absolute right for Chairman of the Council to adjourn Full Council for the taking of advice
- Signing of minutes: inconsistency between Para. 18.1 signing of minutes (no discussion other than accuracy) and 1.1.2(iv) which allows for 'receiving of any info arising from them'
- Chairman's discretion:
 - Cabinet questions: give consideration to the adding discretion of the Chairman to redirect questions for a local response by a Cabinet Member where the question has a particularly local focus (some recent examples)
 - Rights to speak: to make it clear that the Chairman has discretion to limit the number of persons who may speak on an issue and the order of speaking; and otherwise to have discretion generally to determine if and how persons should speak, in the best interests of the efficiency of the meeting
- Themed debates: Growing feeling that perhaps there should be a return to themed debates so that might need to be added as a possible option to Political Group Leaders
- Time of meeting: Green Group wish for council meetings to continue beyond 3.30 as needed
- Motions: Green Party request to be added as a fourth group to the priority on Motions (Cllr Williams); all the motions to Council alternating between the Groups (Cllr Pressel)
- Motions – time-wasting: need for a provision about preventing irrelevant or time-wasting motions?
- Motions – number: limit needed on the number of motions and questions a Member can put forward on written notification?
- Petitions and speaking: make it clear that a petitioner's right to speak is predicated on the presentation of a petition – and the right to speak is forfeit if one not presented.
- Members/members of the public: clarify that the word member means 'member of the council'
- Voting: it is permissible for a vote to be recognised on the basis of a 'clear majority' rather than taking a formal count; if this was adopted, it would also be prudent to have a safeguard whereby a member (or perhaps 3?) has a right to request a formal count (separate from 'named vote' which is already provided-for in any case)

Para 12 – questions on notice:

- Currently no restrictions on number of questions by a single member at a Council meeting and nothing about multi part questions. Has led to some uncertainty around what is acceptable.

Para 17 – recorded vote:

- Amend numbering: references at 17.4.3 should be 17.4.1 and 17.1.2, I think. Council must have deleted a Rule and this has been missed in the re-numbering.

Budget and policy framework rules

- No changes

Virement rules

- No changes

Local choice functions

- No changes

Part 4 – Cabinet

Part 4.2 and 4.3: Cabinet Procedure Rules and Cabinet Committees

- Some consideration that answers to questions to Cabinet members should be published in advance in an Addenda
- Speakers: Cllr Hudspeth has given a clear steer that he wants to relax the ‘speaking’ rules. He has used his discretion as Chairman to invite Cllrs to speak where they otherwise have no specific rights.
- Right to speak: Suggest an overhaul of Cllrs right to speak at Cabinet, Cabinet Cttee and delegated decision meetings
- Answers to question: answers to questions to Cabinet members should be published in advance of the Addenda published before the meeting

Part 4.4: Delegated Decisions – Individual Cabinet Members

- Speakers – see above re: Cllr Hudspeth’s preferences s to speaking rights
- Consideration to spelling out that Cabinet Member is the appropriate decision maker except where stated - to bolster use of delegated decisions

Part 5 – Committees and sub committees

- Clarify which roles require appointment by Full Council or simply notification to Full Council; clarity needed on these rights to appoint.
- Updated as needed – when memberships change

Part 6 – Scrutiny

Scrutiny procedure rules

- Rule (1) – suggest cross reference to spell out how they conduct their proceedings i.e. which parts of Council Procedure Rules apply.
- Rule (2)(b) – clarification of voting rights for Co-opted members. Education Scrutiny Committee deals solely with education functions – not the wider Children’s Services that has been the case in the past. There was an argument in Committee as to whether co-opted members could vote on whether a Working Group should be set up or the matter dealt with by Committee as whole. Some Members argued that co-opted members did not have a vote as this was *part of process* of committee and *not about education function*. Clarification of extent of voting rights to be achieved.
- Rule (8) on quorum. Easier to just state the rule rather than need to find it in Council Procedure Rules.
- Rule (9) on agenda items. Whilst wanting to uphold the aim of this rule to allow members to get issues aired, there is concern that currently it could prove resource intensive, particularly (a), (b) and (d). Suggest bring these rules into line with the rules for committees and sub-committees which initially commit to an oral report if less than 20 days’ notice given. See Part 9.3 Protocol on Members Rights and Responsibilities – Rule 7 Rights of Members to Place Items on Agendas, para (d).
- Rule (11) about reports from Scrutiny Committee – current wording reflects a time when there were far more formal scrutiny review reports. It is sensible to keep it in so that when needed the process is there but it is not appropriate that all outcomes from Scrutiny go by this formal route. Suggest tweaking by changing “will” to “may” to reflect actual current practice.
- Rule (11). Nothing in Constitution refers to tracking the outcomes from Scrutiny Reviews. Suggest adding an extra para here closing the circle.
- Part 6.3 – Protocol on public participation (scrutiny context): update to remove out of date references.

Part 7 – Scheme of delegation

Sections

- Remove section 7.2 (not in use in any case)

Part 7.1 Management structure

- Update post titles and consider inclusion of wider management structure (i.e. “top three levels of the organisation” – consistent with the publicity requirements of the *Code on Data Transparency 2014*).

Part 7.3 Scheme of Delegation

- Unpaid leave – mechanism for approval (beyond 12 months): request for a period of unpaid leave exceeding 12 months was a responsibility of former Democracy and Organisation Committee that passed to Remuneration Committee, although not perhaps explicit. HR have also used the route of the Leader and Chief Executive to get this leave authorised which seems heavy handed. HR propose that unpaid leave beyond 12 months and any other exceptional request for any sort of leave over and above the limits specified in Part 7.3 section 4 are delegated to agreement by the Director, Chief HR Officer and Chief Finance Officer. That would cover the service, HR policy and financial / pension implications.
- Para 1: Terminology - clarify the Council’s understanding of the range of roles that are to be regarded as ‘directors’ within the terms of this section and others (e.g. contract and financial rules); also whether there is significance to the term ‘officers’ (as encompassing Chief Exec, Directors and other chief officers’)
- Para 2: is it intended that the ‘principles of delegation’ only apply to ‘chief executive and directors’ and not to any of the other persons? This section *specifies* that the principles (only) apply to chief exec and directors; and so others (county solicitor, chief fire officer, chief finance officer) are excluded from them. Decision needed to achieve clarity.
- Para 2: specify that all directors are official deputies for the Chief Executive and how deputisation will follow rotational pattern etc.
- Para 6: Chief Executive’s authorisations - "any exercise of these functions shall be reported to the Cabinet or other relevant committee or sub-committee". The reporting is currently done on a quarterly basis. With the new regs will have to reflect that a record of the decision should be published on the web site as soon as possible

Part 8 – Procedure rules

Access to information

- No main changes

Financial Procedure Rules

- Loan schemes: reflect that Full Council needs to agree loan schemes
- Minor format/amendment changes (ditto associated Financial Regulations)
- Rule 45: transfer of property assets – discussion needed on how the transfer of property assets to be determined (since the ending of Capital Investment Board).
- Rule 59: update section on Directors' Responsibilities in line with the new Accounting Code
- Rule 60: Reflect updated Audit and Account Regulations (2011)

Contract Procedure Rules

Now - simplification:

- Contract Procedure Rules: certain changes should be made now to simply the requirements for demonstrating competition necessary above EU thresholds that require tender; and otherwise simply to demonstrate best value
- Key decisions – revert to the statutory definition of key decisions
- Thresholds – if contract value is above the EU tender threshold then a tender should be undertaken; if below it, then determination lies with the Director so long as this achieves/demonstrates best value/value for money

Forthcoming – legislative changes

- Contract Procedure Rules (CPRs): Legislative changes, affecting the procurement regime, will be forthcoming later this year. This will require a fundamental review of the CPRs and will revise thresholds, contract clauses, division of contracts into lots and include currently excluded contracts such as those for CEF, S&CS and Public Health. The legislative changes will be the result of the UK Public Procurement Regulations implementing an EU directive

The major legislative changes will be occurring later this year which will require substantial changes to the Council's approach to procurement and therefore to the Contract Procedure Rules. Some structural and other minor changes could be made now and it may be beneficial to achieve clarity around thresholds. Key question:

Legislative changes – in summary

New UK Public Procurement Regulations (reflecting the new EU Procurement Directive) are expected to be in force later this year/early next year (and must be in force by April 2016 in any event). They will:

- Introduce additional threshold values
- Introduce obligatory contract clauses that may need to be covered
- Introduce obligations in maintaining procurement records that may need to be covered
- Introduce obligations on whether to divide requirements into lots that may need to be covered
- Require changes to Children, Education & Families, Social & Community Services and Public Health Services Joint Commissioning/Procurement Procedures after the abolition of the Part A and Part B service differentiation
- Not exclude many of the contracts for CEF, S&CS and Public Health as is the case at present
- Affect pre-qualification requirements, as it is possible that there may be provisions restricting our ability to use pre-qualification questionnaires to only invite a limited number of suppliers to tender for lower value contracts
- Change the definitions of elements that otherwise remain as before

Interim structural & clarification proposals – see Annex 1 (summary from Legal Services) and Annex 2 (track change version of re-ordered/clarified CPRs)

Reordering the document more closely to align with the chronology of a procurement process and we suggest the use of chapters to make it easier to find relevant provisions, the proposed chapters are:

1. Introduction
2. Pre-procurement
3. The procurement process
4. Contract award
5. Post-award
6. General

Officer employment procedure rules

- Changes only to update job and committee titles

Part 9 – Codes and protocols

Members code of conduct

- Principles of public conduct: make it clear that the principles at the beginning of the Code are ‘the basic principles to inform behaviour; the requirements of the Code are however as follows’; this provides a clear break to clarify what can be the subject of a complaint i.e. the requirements of the Code and not the principles.
- Gifts and hospitality: while the requirement to have specific gifts and hospitality register has gone, the an Annex to the Code should nevertheless contain guidance/advice to members that gifts and hospitality should be registered in any event to protect members and promote transparency.

Protocol on members’ rights and responsibilities

- Part 9.3 (para 8): take out the rights for Councillors to receive papers copies on request? Not suggesting that members of relevant Cttees not get copies but print budget under pressure and may be helpful to cut out the additional copies to non-members of committees?

Members’ planning code

- Issue an updated code based on existing code and in comparison with the Lawyers for Local Government Model Code
- Addition of a protocol on *Bias and Predetermination* reflecting recent government guidance, best practice and legal case law
- Each discussed with District Council Monitoring Officers; and while non-standard format, key principles are agreed
- Addition of an annex re: bias and predetermination

Protocol on member/officer relations

- Part 9.3: where Cabinet considers a matter ‘directly relates to an *Electoral Divisions*’ (para. 9(f)): Councillors tend to misunderstand the ‘division specific’ item. They tend to take this to mean that there are impacts for their local area even where it is a wider matter as opposed to (possibly due to the phrase ‘any matter which directly relates’ as opposed to the ‘directly relates’). Refine the wording to make the meaning clearer.

Officer code of conduct

- No changes proposed.

Part 10 – Members’ allowances

- Retain existing format and structure. However...
- Revise the definitions of ‘approved duties’ to make more plain what can/cannot be claimed under travel and subsistence
- Insert outcomes of the Autumn 2014 Allowances Review

Part 11 – Petition Scheme

- Not a legal requirement – to be deleted. Hardly ever used and the thresholds never remotely reached for triggering debate at council or holding officer to account; most common usage is petitions at meetings (e.g. Council) the principles for which are in the Constitution in any case (e.g. Council Procedure Rules).

Other Issues - new sections

Localities

Include a reference to the purpose of the Locality Meetings in the ‘roles of members’ section of the Constitution (Article 2).

Index

Ease of use likely to be facilitated by introducing an index; better to facilitate cross-referencing. This would require an additional section to be updated when changes are made elsewhere but will probably facilitate use by the public, members and officers.

END

AUDIT and GOVERNANCE COMMITTEE – 4 September 2014

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on 4 September 2014

The meeting was attended by:

Dr Geoff Jones – Chairman; Cllr Wilmshurst; Cllr Lovatt; Cllr R. Smith; Peter Clark and Ian Dyson.

Part meeting only: AWG14.11 Graham Shaw & Seona Douglas; AWG14.11 & AWG14.12 Sarah Cox.

Observers: Cllr Hards

Apologies: Lorna Baxter

Main business items of the meeting were as follows:

Internal Audit Client Charging Report - Sarah Cox, Graham Shaw, Seona Douglas

Internal Audit Update - Ian Dyson

Risk Management Update - Ian Dyson

Matters to report:

Matters Arising - Membership of the AWG

Cllr Stratford was a named substitute for the AWG; as he is no longer on the Audit & Governance Committee this position has become vacant. There is now only one named substitute, Cllr Hannaby. The Committee is recommended to appoint a second named substitute.

The purpose of having named members and substitutes is to enable there to be continuity in attendance from meeting to meeting, which is important as the monitoring of issues referred to the Group by the Committee usually extend across several meetings.

AWG14.11 Internal Audit Client Charging Report

The Internal Audit report and presentation by Officers gave assurance that the controls within the client charging systems have significantly improved since the last report in 2012/13, noting there are some action that remain outstanding. In advance of the meeting the Group requested latest performance information regarding Fairer Charging assessments for further assurance on the effectiveness of current controls. The information confirmed the levels of performance agreed by the Group as acceptable in February 2014 have been sustained. The Group was also given assurance that the longer term improvement plan for more automated control with greater efficiency and data quality being delivered through the Lean, Responsible Localities and new IT System projects, remains on track for completion by April 2015. A progress report on these projects is due to be received by the Committee in September.

AWG14.12 Internal Audit Update

The main area of concern highlighted was the current level of internal audit resource. This is being reported in the Chief Internal Auditor's (CIA) progress report to the Committee in September; however, the Group discussed the potential impact on the audit plan and how this could be mitigated. The CIA stated that he will be working on a revised Audit Plan to be presented to the AWG in October, and that in the covering report any variations to the original plan will be detailed.

The Group was updated on the status of the action plan following the audit of the Local Enterprise Partnership (LEP) in 2013/14. The audit report was finalised without actions being agreed, this was reported to the Committee in July 2014. Responses have now been received from the LEP; however, they have commented that some of the issues raised in the report are not a matter for the County Council, so have not set out an action plan. The current position is that Internal Audit in conjunction with officers are considering the comments made against the requirements of the Council's Financial Regulations, and the role of the Council as the accountable body for the LEP. This has not yet been concluded. A full report and updated position statement has been requested for the AWG in October.

AWG14.13 Risk Management Update

The CIA presented the risk management update report, which focussed on the outcomes of the Q1 Business Management Reporting. There are no material issues to report, but it was noted the action to update and review the corporate risk register remains outstanding; the CIA stated that it will be presented to CCMT for review in November. It was also noted that the risk management strategy is to be reviewed by the end of 14/15.

The Committee is recommended to:

- i) note the report; and,**
- ii) agree a named substitute for the AWG.**

Lorna Baxter
Chief Finance Officer

Contact: Officer: Ian Dyson, Chief Internal Auditor Tel 01865 323875
ian.dyson@oxfordshire.gov.uk

**AUDIT WORKING GROUP
TIMETABLE AND WORK PROGRAMME 2014/15**

2014**02 October 2014 - 14:00 - 16:00**

- Risk Management Update
- CEF Risk Register
- Revised Internal Audit Plan
- Internal Audit Report - LEP 2013/14

06 November 2014 - 14:00 - 16:00

- Internal Audit Update
- ITU

11 December 2014 - 14:00 - 16:00

- Risk Management Update
- EE Risk Register

Dates for Audit Working Group Meetings in 2015
12 February 2015 (Thursday) Member's Boardroom <u>14:00 - 16:00</u>
09 April 2015 (Thursday) Please note this date is during half term. Member's Boardroom <u>14:00 - 16:00</u>
11 June 2015 (Thursday) Member's Boardroom <u>14:00 - 16:00</u>
03 September 2015 (Thursday) Member's Boardroom <u>14:00 - 16:00</u>
15 October 2015 (Thursday) Venue to be confirmed <u>14:00 - 16:00</u>
05 November 2015 (Thursday) Member's Boardroom <u>14:00 - 16:00</u>
10 December 2015 (Thursday) Member's Boardroom <u>14:00 - 16:00</u>

Ian Dyson
Chief Internal Auditor

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AUDIT & GOVERNANCE COMMITTEE – 17 SEPTEMBER 2014

FINAL STATEMENT OF ACCOUNTS 2013/14

Report by the Chief Finance Officer

Introduction

1. The Accounts and Audit Regulations 2011 require the Statement of Accounts 2013/14 to be considered by a committee of the Council by 30 September 2014 and, following that consideration, to be approved by a resolution of that committee. The regulations also require that, following approval, the Statement of Accounts is signed and dated by the chairman of the committee approving the accounts. The Chief Finance Officer must re-certify the Statement of Accounts before the committee approves it.
2. The Statement of Accounts presented for the Audit & Governance Committee's approval reflects minor amendments made following the audit of the accounts. Ernst & Young LLP's annual governance reports set out that no audit issues have been identified as yet during the course of the audit of the main accounts or the Pension Fund accounts. Small changes to some of the disclosure notes have been agreed with the auditors, however these are not significant enough to be reported in their annual governance reports.
3. Given the minor changes that have been made to the accounts, the final version has not been included with the agenda papers. Members should refer to the draft version presented to the Audit & Governance Committee on 2 July 2014 available on the [Council's website](#). The minor changes made to the accounts are explained below.

Main Accounts

4. The table in Note 12 *Audit and Inspection Fee* has been amended to disclose the £0.146m scale fee charge for Code of Practice Work in 2013/14 separately from the £0.020m rebate on the 2012/13 fee received.
5. The wording in Note 21 *Taxation and Non-Specific Grant Income* has been corrected to say that the County Council now receives a 10% share of the business rates collected by the Oxfordshire district councils, not a 20% share per the original wording (20% relates to the County Council's share of the locally retained element).
6. Note 67 *Post Balance Sheet Events* has been revised to reflect that twelve schools have now converted to academies during 2014/15 (six more since the draft accounts were completed) and the value of property, plant and equipment assets transferring has risen from £24m to £50m.

The Local Government Pension Fund Accounts

7. Note 12 *Administration Expenses* and Note 14 *Investment Management Expenses* have been amended to reclassify £0.058m of expenditure between the two, with consequential changes to the Fund Account as set out in the following table:

Fund Account Heading	Draft £'000	Final £'000	Change £'000
Administrative Expenses Borne by the Scheme	1,411	1,469	58
Less Investment Management Expenses	3,669	3,611	-58

8. Corrections have been made to the market value of assets at 31 March 2014 in Note 21 *Assets under External Management* as set out in the following table:

	Draft		Final		Change	
	Market Value £'000	%	Market Value £'000	%	Market Value £'000	%
Fund Manager						
Baillie Gifford	337,925	22.91	337,925	22.89	0	-0.02
Legal & General	538,164	36.48	538,938	36.51	774	0.03
UBS	345,966	23.45	345,989	23.44	23	-0.01
Wellington	190,821	12.93	190,821	12.93	0	0
Adam Street Partners	21,496	1.46	21,496	1.46	0	0
Partners Group	40,856	2.77	40,856	2.77	0	0
Total	1,475,228	100.00	1,476,025	100.00	797	0

9. Additional explanation has been added to the Net Assets Statement, Note 4 *Critical Judgements in Applying Accounting Policies*, Note 9 *Other Income and Expenses*, Note 20 *Long-Term Assets*, together with grammatical and other minor textual amendments to other notes.

Letters of Representation

10. Auditing standards require Ernst & Young LLP to obtain representations from management on certain matters material to their audit opinion. Separate letters of representation are required for the Oxfordshire County Council accounts and the Local Government Pension Fund accounts. The Audit & Governance Committee is required to consider and approve the letters of representation before they are signed by the Chief Finance Officer and the Chairman of the Committee.

Conclusion

11. No material errors were identified during the audit. Changes to the accounts relate to minor amendments to notes to the accounts and the Fund Account of the Pension Fund.

RECOMMENDATION

12. **The Committee is RECOMMENDED to:**
- (i) **Consider and approve the Statement of Accounts for 2013/14 presented to the Committee on 2 July 2014 with the minor amendments listed above;**
 - (ii) **Consider and approve the Letter of Representation 2013/14 for the Oxfordshire County Council accounts;**
 - (iii) **Consider and approve the Letter of Representation 2013/14 for the Oxfordshire Pension Fund accounts.**

Chief Finance Officer

Background Papers: Report on the Statement of Accounts 2013/14 to the Audit & Governance Committee on 2 July 2014

Contact Officer: Stephanie Skivington, Corporate Finance Manager (Tel. 01865 323995)

September 2014

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OXFORD, OX1 1ND

Telephone: 01865 792422
Fax: 01865 726155

Joanna Simons
Chief Executive
September 2014

My ref:

Your ref:

-

This matter is being dealt with by Lorna Baxter
Email: lorna.baxter@oxfordshire.gov.uk

Direct Line: 01865 323971

Audit of Oxfordshire County Council for the 2013/14 year ended 31 March 2014

This representation letter is provided in connection with your audit of the financial statements of Oxfordshire County Council ("the Council") for the year ended 31 March 2014. I recognise that obtaining representations from management concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Oxfordshire County Council as of 31 March 2014 and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

I understand that the purpose of your audit of the Council's financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, I make the following representations, which are true to the best of my knowledge and belief, having made such inquiries as I considered necessary:

A. Financial Statements and Financial Records

1. I have fulfilled my responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations (England) 2011 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.
2. I acknowledge my responsibility for the fair presentation of the financial statements. I believe the financial statements referred to above give a true and fair view of the



financial position, financial performance (or results of operations) and cash flows in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and are free of material misstatements, including omissions. I have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. I believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. I acknowledge my responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. I have no knowledge of any fraud, suspected fraud or allegations of fraud involving management or other employees who have a significant role in the Council's internal controls over financial reporting. In addition, I have no knowledge of any fraud or suspected fraud involving others in which the fraud could have a material effect on the financial statements. I have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Council.

C. Compliance with Laws and Regulations

I have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. I have provided you with:
 - Access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that you have requested for the purpose of the audit and
 - Unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. I have made available to you all minutes of the meetings of the Council, Cabinet and Audit and Governance Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting of the Council on 9 September 2014 and the Cabinet on 16 September 2014.
4. I confirm the completeness of information provided regarding the identification of related parties. I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. I have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. I have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. I have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 66 to the financial statements all guarantees that the Council has given to third parties.
4. No material claims in connection with litigation have been or are expected to be received.

F. Subsequent Events

Other than the material post balance sheet events described in Note 67 to the financial statements, there have been no events subsequent to the end of the reporting period which require adjustment of or disclosure in the financial statements or notes thereto.

G. Accounting Estimates

1. I believe that the significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:

- I believe the measurement processes, including related assumptions and models, used in determining accounting estimates is appropriate and the application of these processes is consistent.
- The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
- The assumptions used in making accounting estimates appropriately reflects management's intent and ability to carry out specific courses of action on behalf of the Council, where relevant to the accounting estimates and disclosures.
- No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Retirement benefits

On the basis of the process established by the Council and having made appropriate enquiries, I am satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with my knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Prior period adjustment

The 2013/14 Code has adopted the June 2011 amendments to IAS1 *Presentation of Financial Statements*. These changes do not require any material amendments to the Balance Sheet or Comprehensive Income and Expenditure Statement, however do require amendment to the presentation of Other Comprehensive Income and Expenditure. The 2013/14 Code has also adopted the June 2011 amendments to IAS19 *Employee Benefits*. These changes do not require any material amendments however comparative data has been restated in the Comprehensive Income and Expenditure Statement to reflect the new retirement benefits definitions and terminology. Other than these amendments no other prior period adjustments have been made or are required.

J. Use of the Work of an Expert

I agree with the findings of the experts engaged to evaluate the valuation of Property, Plant and Equipment and have adequately considered the qualifications of the experts in determining the amounts and disclosures included in the financial statements and the underlying accounting records. I did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.

K. Reserves

I have properly recorded or disclosed in the financial statements the useable and unusable reserves.

Yours sincerely,

Signed:

Name Lorna Baxter
Position Chief Finance Officer

I confirm that this letter has been discussed and agreed at the Audit & Governance Committee on 17 September 2014.

Signed:

Name David Wilmshurst
Position Chairman of the Audit & Governance Committee

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Telephone: 01865 792422
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Joanna Simons
Chief Executive
September 2014

My ref:

Your ref:

-

This matter is being dealt with by Lorna Baxter
Email: lorna.baxter@oxfordshire.gov.uk

Direct Line: 01865 323971

Audit of Oxfordshire County Council Pension Fund for the 2013/14 year ended 31 March 2014

This representation letter is provided in connection with your audit of the financial statements of Oxfordshire County Council Pension Fund ("the Pension Fund") for the year ended 31 March 2014. I recognise that obtaining representations from management concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2014, and of the amount and disposition at the end of the year of its assets and liabilities, in accordance with applicable law and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

I understand that the purpose of your audit of the Pension Fund's financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, I make the following representations, which are true to the best of my knowledge and belief, having made such inquiries as I considered necessary:

A. Financial Statements and Financial Records

1. I have fulfilled my responsibilities for the preparation of the financial statements in accordance with the Accounts and Audit Regulations (England) 2011 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and for keeping records in respect of contributions received in respect of active members of the Pension Fund and for making accurate representations to you.



2. I confirm that the Pension Fund is a Registered Pension Fund. I am not aware of any reason why the tax status of the Pension Fund should change.
3. I acknowledge my responsibility for the fair presentation of the financial statements. I believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Pension Fund in accordance with Accounts and Audit (England) Regulations 2011 and CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and are free of material misstatements, including omissions. I have approved the financial statements.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. I believe that the Pension Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 that are free from material misstatement, whether due to fraud or error.
6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. I acknowledge my responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. I have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Pension Fund's internal controls over financial reporting. In addition, I have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. I have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Pension Fund.

C. Compliance with Laws and Regulations

1. I have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
2. I have not made any reports to The Pensions Regulator, nor am I aware of any such reports having been made by any of our advisors.

3. I confirm that I am not aware of any breaches of the Payment Schedule/Schedule of Contributions or any other matters that have arisen which we considered reporting to the Pensions Regulator.
4. There have been no other communications with The Pensions Regulator or other regulatory bodies during the Pension Fund year or subsequently concerning matters of non-compliance with any legal duty. I have drawn to your attention all correspondence and notes of meetings with regulators.

D. Information Provided and Completeness of Information and Transactions

1. I have provided you with:
 - Access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that you have requested for the purpose of the audit and
 - Unrestricted access to persons within the Council (on behalf of the Pension Fund) from whom you determined it necessary to obtain audit evidence.
2. You have been informed of all changes to the Pension Fund rules.
3. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
4. I have made available to you all minutes of the meetings of the Pension Fund Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the 5 September 2014.
5. I confirm the completeness of information provided regarding the identification of related parties. I have disclosed to you the identity of the Pension Fund's related parties and all related party relationships and transactions of which I am aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
6. I have disclosed to you, and the Pension Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. No transactions have been made which are not in the interests of the Pension Fund members or the Pension Fund during the Scheme year or subsequently.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. I have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. I have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and confirm the Pension Fund has given no guarantees to third parties.

F. Subsequent Events

There have been no events subsequent to the end of the reporting period which require adjustment of or disclosure in the financial statements or notes thereto.

G. Advisory Reports

I have not commissioned advisory reports which may affect the conduct of your work in relation to the Pension Fund's financial statements and schedule of contributions/payment schedule.

H. Independence

I confirm that no trustee of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

I. Derivative Financial Instruments

1. I confirm that all investments in derivative financial instruments have been made after due consideration by the Pension Fund Committee of the limitations in their use imposed by The Occupational Pension Schemes (Investment) Regulations 2005; namely that they contribute to a reduction in scheme risk, facilitate efficient portfolio management, and that any such investment has been made so as to avoid excessive risk exposure to a single counterparty and to other derivative operations. The Pension Fund's statement of investment principles has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions.
2. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the trustees at the scheme year end and the terms and conditions relating thereto.
3. The trustees have duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Pension Fund is holding, and these have been communicated to you.

J. Actuarial Valuation

The latest report of the actuary (Barnett Waddingham) has been provided to you. To the best of my knowledge and belief I confirm that the information supplied by the Pension Fund to the actuary was true and that no significant information was omitted which may have a bearing on his report.

K. Accounting Estimates

1. I believe that the significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:
 - I believe the measurement processes, including related assumptions and models, used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - The assumptions used in making accounting estimates appropriately reflects management's intent and ability to carry out specific courses of action on behalf of the Pension Fund, where relevant to the accounting estimates and disclosures.
 - No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

Yours sincerely,

Signed:

Name Lorna Baxter
Position Chief Finance Officer

I confirm that this letter has been discussed and agreed at the Audit & Governance Committee on 17 September 2014.

Signed:

Name David Wilmshurst
Position Chairman of the Audit & Governance Committee

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Oxfordshire County Council

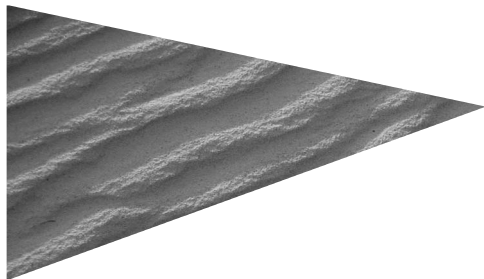
Audit and Governance Committee Summary

For the year ended 31 March 2014

Audit Results Report – ISA (UK & Ireland) 260

17 September 2014

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■ Maria Grindley, Director
■ mgrindley@uk.ey.com

■ Alan Witty, Manager
■ awitty@uk.ey.com

Agenda Item 9

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- ▶ Extent and progress of our work
- ▶ Addressing audit risk
- ▶ Financial statements audit – issues and findings
- ▶ Arrangements to secure economy, efficiency and effectiveness
- ▶ Independence and audit fees
- ▶ Appendices

Executive summary

Key findings

Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Audit and Governance Committee - on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2013/14 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

- ▶ As of 17 September 2014, we expect to issue an unqualified opinion on the financial statements. Our audit results demonstrate, through the few matters we have to communicate, that the Council has prepared its financial statements adequately.

Value for money

- ▶ We expect to conclude that you have made appropriate arrangements to secure economy, efficiency and effectiveness in your use of resources.

Whole of Government Accounts

- ▶ We expect to issue an unqualified confirmation to the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

Audit certificate

- ▶ The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the audit opinion.

Extent and purpose of our work

The Council's responsibilities

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

Our audit was designed to:

- Express an opinion on the 2013/14 financial statements;
- Report on any exception on the governance statement or other information included in the foreword; and
- Consider and report any matters that prevent us being satisfied that the Council had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).

In addition, this report contains our findings related to the areas of audit emphasis, our views on the Council's accounting policies and judgments and significant deficiencies in internal control.

As a component auditor for the Whole of Government Accounts, we also follow the group instructions and send to the National Audit Office our group assurance certificate, audit results report and auditor's report on the consolidation schedule.

This report is intended solely for the information and use of the Council. It is not intended to be and should not be used by anyone other than the specified party.

Addressing audit risks

Significant audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p>26 schools have and another 3 are planning to move to academy status during 2013/14. This will have an impact on how you account for the schools property, plant and equipment (PPE), expenditure and income such as Dedicated Schools Grant.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> Evaluating the management controls in place to ensure the appropriate accounting entries are made; Undertaking testing to ensure that academy PPE is appropriately removed from the Balance Sheet; Ensuring the Comprehensive Income and Expenditure Statement only includes amounts relating to LEA controlled schools. 	<ul style="list-style-type: none"> We have been able to downgrade this risk as we found that the Council has put in place procedures to manage the de-recognition of schools moving to academy status. Our work on the financial statements confirms that appropriate action has been taken to remove assets and related income and expenditure transactions. No issues arising.
<p>Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud. Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.</p> <p>The Council continues to face significant financial pressures due to reduced external funding and changes such as the localisation of council tax support. These changes add further pressure on management to meet budget and savings targets. This presents a risk that the financial statements may be materially misstated.</p>	<p>Our approach to address the risks of fraud we have identified at this stage of our planning will focus on:</p> <ul style="list-style-type: none"> Reviewing the year-end position against in-year financial forecasts; Reviewing the reasonableness and completeness of prepayments, accruals and provisions; Testing material adjustments made by journals; and Reviewing transactions both before and after year end to ensure they are correctly disclosed in the correct financial period. 	<p>Our general audit work on journals, accounting estimates and significant unusual transactions identified no matters that we need to bring to the Council's attention.</p>

Addressing audit risks

Other audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit Risk identified within our Audit Plan	Audit Procedures performed	Assurance gained and issues arising
Other audit risks		
<p>The financial statements include a number of significant valuations in respect of pension obligations. These include the estimated liability on the pension fund as well as movements and charges in year. These figures are accounting estimates with a high degree of uncertainty attached to them.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> Evaluating the management controls in place to ensure the appropriate information is shared with the actuaries; Assess the appropriateness of using the work of the actuary as a basis for accounting entries; and Ensuring the statements accurately reflect the figures provided by the actuary. 	<ul style="list-style-type: none"> We found that controls were in place to ensure appropriate information is shared with actuaries. We have assessed the report of the service auditor and our internal review of that report and undertaken additional work as appropriate. The financial statements accurately reflect the figures in the actuarial report. No issues arising.
<p>The Council has a medium term plan for savings to achieve financial balance. The plans are risk rated and monitored on a number of levels. Achievement of the plans to date has been good however a risk remains around increasing financial pressure in the future.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> Reviewing the position against budget on an ongoing basis and at year end; and Understand the Council's response to significant financial pressures such as the spending review. 	<ul style="list-style-type: none"> We found that the Council achieved an underspend against budget and has set a balanced budget for 2014/15. The Council through its medium term financial plan is aware of future budget pressures and is considering a number of ways to improve efficiencies including the outsourcing of back office functions.

Financial statements audit

Issues and misstatements arising from the audit

- ▶ The following areas of our work programme remain to be completed at the time of drafting this report. We will provide an update of progress at the Audit and Governance Committee meeting:

- ▶ Receipt of a Letter of Representation
- ▶ Final Review of Financial Statements
- ▶ Awaiting response from valuer
- ▶ Incomplete:
 - Capital Adjustment Account
 - Elements of Property Plant and Equipment
 - Income testing
 - Whole of Government Accounts
 - Expenditure Trend Analysis
 - Final reviews of file and our internal documentation.

- ▶ Subject to the satisfactory resolution of the above items, we propose to issue an unqualified audit report on the financial statements.

Uncorrected Misstatements

To date we have not identified any uncorrected misstatements. We will inform the Committee of any uncorrected misstatements identified between the drafting of this report and the Audit and Governance Committee on 17 September 2014.

Corrected Misstatements

To date we have not identified any misstatements which warrant communicating to you. We will inform the Committee of any corrected misstatements identified between the drafting of this report and the Audit and Governance on 17 September 2014.

Other Matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Council's financial reporting process including the following:

- ▶ Qualitative aspects of your accounting practices; estimates and disclosures;
- ▶ Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions; and,
- ▶ Any significant difficulties encountered during the audit; and
- ▶ Other audit matters of governance interest.

We have no matters we wish to report.

Financial statements audit (continued)

Internal Control, Written Representations & Whole of Government Accounts

Internal Control

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have tested the controls of the Council only to the extent necessary for us to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.

We have reviewed the Annual Governance Statement and can confirm that:

- ▶ It complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- ▶ It is consistent with other information that we are aware of from our audit of the financial statements.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

Request for written representations

We have requested a management representation letter to gain management's confirmation in relation to a number of matters.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.

We are currently concluding our work in this area and will report any matters that arise to the Audit and Governance Committee.

Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that Oxfordshire County Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Council's corporate performance management and financial management arrangements, we have regard to the following criteria and focus specified by the Audit Commission.

Criteria 1 - Arrangements for securing financial resilience

- ▶ *“Whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future”*
- ▶ We did not identify any significant risks in relation to this criteria.

We have no issues to report in relation to this criteria.

Criteria 2 - Arrangements for securing economy, efficiency and effectiveness

- ▶ *“Whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.”*
- ▶ We did not identify any significant risks in relation to this criteria.

We have no issues to report in relation to this criteria.

We have no other issues to report.

Independence and audit fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 26 February 2014.
- ▶ We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code of Audit Practice and Standing Guidance. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.
- ▶ We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.
- ▶ We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view.

If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit and Governance Committee on 17 September 2014.

- ▶ We confirm that we have met the reporting requirements to the Audit and Governance Committee, as 'those charged with governance' under International Standards on Auditing (UK&I) 260. Our communication plan to meet these requirements were set out in our Audit Plan of 26 February 2014.

Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2013-14	Scale fee 2013-14	Variation comments
	£s	£s	
Total audit fee - Code work	TBC	146,610	
Certification of claims and returns	0	700	There are no claims to be certified under the Audit Commission regime.
Non-audit work	5,971	5,971	See detail below.

- ▶ Our actual fee is in line with the agreed fee at this point in time, subject to the satisfactory clearance of the outstanding audit work.
- ▶ We confirm that we have undertaken non-audit work outside of the Audit Commission's Audit Code requirements. This was in relation to Oxfordshire County Council Waste PPP.

Appendix 1 - Uncorrected audit misstatements

- The following misstatements, which are greater than £1m, have been identified during the course of our audit.
- These items have not been corrected by management.
- No such misstatements have been identified to date. We will inform the Committee of any uncorrected misstatements identified between the drafting of this report and the Audit and Governance Committee on 17 September 2014.

Item of Account	Nature	Type	Balance Sheet	Statement of Comprehensive Income & Expenditure
	Description	F, P, J	Debit/(Credit)	Debit/(Credit)
1.				
2.				
3.				
4.				
Cumulative effect of uncorrected misstatement				

- Key**
- ▶ F – Factual misstatement
 - ▶ P – Projected misstatement based on audit sample error and population extrapolation
 - ▶ J – Judgemental misstatement



Appendix 1 - Uncorrected audit misstatements

- The following misstatements, have been identified during the course of our audit and in our professional judgement warrant communicating to you.
- These items have not been corrected by management. We will inform the Committee of any uncorrected misstatements identified between the drafting of this report and the Audit and Governance Committee on 17 September 2014.

Disclosures

Disclosure	Description of misstatement
1.	
2.	
3.	
4.	

Appendix 2 - Corrected audit misstatements

- The following corrected misstatements, have been identified during the course of our audit and warrant communicating to you.
- These items have been corrected by management within the revised financial statements.
- No such misstatements have been identified to date. We will inform the Committee of any corrected misstatements identified between the drafting of this report and the Audit and Governance Committee on 17 September 2014.

Balance Sheet and Statement of Comprehensive Income and Expenditure

Item of Account	Nature	Type	Balance Sheet	Statement of Comprehensive Income & Expenditure
	Description	F, P, J	Debit/(Credit)	Debit/(Credit)
1.				
2.				
3.				
4.				
Cumulative effect of corrected misstatement				

- **Key**
- ▶ F – Factual misstatement
- ▶ P – Projected misstatement based on audit sample error and population extrapolation
- ▶ J – Judgemental misstatement



Appendix 2 - Corrected audit misstatements

- The following misstatements, have been identified during the course of our audit and in our professional judgement warrant communicating to you.
- These items have been corrected by management within the revised financial statements.
- No such misstatements have been identified to date. We will inform the Committee of any corrected misstatements identified between the drafting of this report and the Audit and Governance Committee on 17 September 2014.

Disclosure	Description of misstatement
1.	
2.	
3.	
4.	

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



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Oxfordshire County Council Pension Fund

Audit and Governance Committee Summary

For the year ended 31 March 2014

Audit Results Report – ISA (UK & Ireland) 260

17 September 2014

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Baldeep Singh, Partner
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Alan Witty, Manager
awitty@uk.ey.com

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- ▶ Independence and audit fees
- ▶ Appendices

Executive summary

Key findings

| Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2013/14 audit up to the drafting of this report on 29 August 2014. It includes the messages arising from our audit of your financial statements. As of 17 September 2014, we expect to issue an unqualified opinion on the financial statements.

Our audit results demonstrate, through the few matters we have to communicate, that the Pension Fund has prepared its financial statements appropriately.

Extent and purpose of our work

The Council's responsibilities

Oxfordshire County Council as the administering authority of the Pension Fund is responsible for preparing and publishing its Statement of Accounts, which includes the financial statements of the Pension Fund.

The Council is also required to prepare a separate Annual Report and Statement of Accounts for the Pension Fund.

Purpose of our work

Our audit was designed to:

- Express an opinion on the 2013/14 financial statements of the Pension Fund
- Report on any inconsistencies with the Annual Report.

In addition, where appropriate this report contains our findings related to the areas of audit emphasis, our views on the Pension Fund's accounting policies and judgments and significant deficiencies in internal control.

This report is intended solely for the information and use of the Council. It is not intended to be and should not be used by anyone other than the specified party.

Addressing audit risks

Significant audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p>As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud. This is because of its ability to manipulate accounting records (directly or indirectly) and to prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<ul style="list-style-type: none"> • Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; • Reviewed accounting estimates for evidence of management bias; and • Evaluated the business rationale for any significant unusual transactions. 	<p>From the procedures that we have currently completed we have no matters to bring to your attention from our testing.</p>

Financial statements audit

Issues and misstatements arising from the audit

Progress of our audit

- ▶ The following areas of our work programme remain to be completed. We will provide an update of progress at the Audit and Governance Committee meeting:

- ▶ Receipt of a Letter of Representation
- ▶ Final Review of Financial Statements
- ▶ Incomplete:
 - Consistency check with the Annual Report;
 - Transfer of assets to new custodian;
 - Agreeing contribution disclosures;
 - Investment classification, disclosure and analytical review; and
 - Final reviews of file and our internal documentation.

- ▶ Subject to the satisfactory resolution of the above items, we propose to issue an unqualified audit report on the financial statements.

Uncorrected Misstatements

To date we have not identified any uncorrected misstatements. We will inform the Committee of any uncorrected misstatements identified between the drafting of this report and the Audit and Governance Committee on 17 September 2014.

Corrected Misstatements

To date we have not identified any misstatements which warrant communicating to you. We will inform the Audit and Governance Committee of any corrected misstatements identified between the drafting of this report and the Committee meeting on 17 September 2014.

Other Matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Fund's financial reporting process including the following:

- ▶ Qualitative aspects of your accounting practices; estimates and disclosures;
- ▶ Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions;
- ▶ Any significant difficulties encountered during the audit; and
- ▶ Other audit matters of governance interest.

We have no matters we wish to report.

Financial statements audit (continued)

Internal Control, Written Representations & Whole of Government Accounts

Internal Control

It is the responsibility of the Council and the Pension Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council and Pension Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have tested the controls of the Council and the Pension Fund only to the extent necessary for us to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the Pension Fund's financial statements of which you are not aware.

Request for written representations

We have requested a management representation letter to gain management's confirmation in relation to a number of matters. We are not requesting any specific representations in addition to the standard representations.

Independence and audit fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan 2014.
- ▶ We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code of Audit Practice and Standing Guidance. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.
- ▶ We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.
- ▶ We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view.

If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit and Governance Committee on 17 September 2014.

- ▶ We confirm that we have met the reporting requirements to the Audit and Governance Committee, as 'those charged with governance' under International Standards on Auditing (UK&I) 260. Our communication plan to meet these requirements was set out in our Audit Plan 2014.

Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2013-14	Scale fee 2013-14	Variation comments
	£s	£s	
Total audit fee – Code work	24,108	24,108	N/A
Non-audit work	0	0	N/A

- ▶ Our actual fee is in line with the agreed fee at this point in time, subject to the satisfactory clearance of the outstanding audit work.
- ▶ We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

Appendix 1 - Uncorrected audit misstatements

- The following misstatements, which are greater than £815,000 have been identified during the course of our audit.
- These items have not been corrected by management.
- No such misstatements have been identified to date. We will inform the Committee of any uncorrected misstatements identified between the drafting of this report and the Audit and Governance Committee on 17 September 2014.

Net Assets and Fund Account

Item of Account	Nature	Type	Net Assets	Fund Account
	Description	F, P, J	Debit/(Credit)	Debit/(Credit)
1.				
2.				
3.				
4.				
Cumulative effect of uncorrected misstatement				

- **Key**
- ▶ F – Factual misstatement
- ▶ P – Projected misstatement based on audit sample error and population extrapolation
- ▶ J – Judgemental misstatement



Appendix 1 - Uncorrected audit misstatements

- The following misstatements, have been identified during the course of our audit and in our professional judgement warrant communicating to you.
- These items have not been corrected by management. We will inform the Committee of any uncorrected misstatements identified between the drafting of this report and the Audit and Governance Committee on 17 September 2014.

Disclosures

Disclosure	Description of misstatement
1.	
2.	
3.	
4.	

Appendix 2 - Corrected audit misstatements

- The following corrected misstatements, have been identified during the course of our audit and warrant communicating to you.
- These items have been corrected by management within the revised financial statements.
- No such misstatements have been identified to date. We will inform the Committee of any corrected misstatements identified between the drafting of this report and the Audit and Governance Committee on 17 September 2014.

Net Assets and Fund Account

Item of Account	Nature Description	Type F, P, J	Net Assets Debit/(Credit)	Fund Account Debit/(Credit)
1.				
2.				
3.				
4.				
Cumulative effect of corrected misstatement				

- **Key**
- ▶ F – Factual misstatement
- ▶ P – Projected misstatement based on audit sample error and population extrapolation
- ▶ J – Judgemental misstatement



Appendix 2 - Corrected audit misstatements

- The following corrected misstatements, have been identified during the course of our audit and warrant communicating to you.
- These items have been corrected by management within the revised financial statements.
- No such misstatements have been identified to date. We will inform the Committee of any corrected misstatements identified between the drafting of this report and the Audit and Governance Committee on 17 September 2014.

Disclosures

Disclosure	Description of misstatement
1.	
2.	
3.	
4.	

Ernst & Young LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



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Audit Plan

Year end 31 March 2014

Oxfordshire Pension Fund

Updated August 2014

Ernst & Young LLP



Councillor David Wilmshurst
Chair Audit and Governance Committee
Oxfordshire County Council
County Hall
New Road
Oxford
OX1 1ND

17 September 2014

Dear Committee Members

Audit Plan for Oxfordshire Pension Fund

We are pleased to attach our Audit Plan, which sets out how we intend to carry out our responsibilities as auditor. The purpose of this report is to provide the Audit and Governance Committee with a basis for reviewing our proposed audit approach and scope for the 2013-14 audit in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements but also to ensure that our audit is aligned with the Committee's service expectations.

This report summarises our assessment of the key risks which drive the development of an effective audit for Oxfordshire Pension Fund, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Alan Witty
Pp
Baldeep Singh
For and behalf of Ernst & Young LLP
Enc

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1. Overview

Context for the audit

This audit plan covers the work that we plan to perform in order to provide you with our audit opinion on whether the financial statements of the Oxfordshire Pension Fund (the Pension Fund) give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2014 and of the income and expenditure for the year then ended.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements.
- ▶ Developments in financial reporting and auditing standards.
- ▶ The quality of systems and processes.
- ▶ Changes in the business and regulatory environment.
- ▶ Management's views on all of the above.

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

In part 2 of this report we provide more detail on the areas which we believe present significant risk to the financial statements audit. We also outline our plans to address these risks.

Details of our audit process and strategy are set out in Section 3.

We will provide an update to the Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2014.

Our process and strategy

▶ Financial Statement Audit

- ▶ We will apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. We set our materiality based on the Pension Fund's level of net assets. We also consider qualitative issues, such as the impact on the public's and other stakeholder understanding of your accounts and the information contained. Our audit is designed to identify errors above materiality.

2. Financial Statement Risks

Our assessment of the financial statement risks facing the Pension Fund is based on our knowledge of the entity’s operations and discussion with members and officers. Other than the presumed risk of management override we have not identified any other significant risks.

We aim to validate these with you at our meeting.

Significant risks (including fraud risks)	Our audit approach
Risk of management override	
<p>As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud. This is because of its ability to manipulate accounting records (directly or indirectly) and to prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ testing the appropriateness of journal entries in the general ledger and other adjustments made in the preparation of the financial statements; ▶ reviewing accounting estimates for evidence of management bias; and ▶ evaluating the business rationale for significant unusual transactions.

Respective responsibilities in relation to fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements caused by either error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility of a material misstatement due to fraud, and design the appropriate procedures to consider such a risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about the risks of fraud and controls to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management’s processes over fraud.
- ▶ Consideration of the effectiveness of management’s controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those risks.
- ▶ Performing mandatory procedures, regardless of specifically identified fraud risks.

3. Our audit process and strategy

3.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice ('the Code'), dated March 2010, our principal objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code, your financial statements.

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

3.2 Audit process overview

Our audit involves:

- ▶ Assessing the key internal controls in place and testing the operation of these controls;
- ▶ Where relevant, review and re-performance of the work of your internal auditors;
- ▶ Reliance on the work of other auditors where appropriate;
- ▶ Reliance on the work of experts in relation to areas such as valuation of the Pension Fund; and
- ▶ Substantive tests of detail of transactions and amounts.

Processes

We initially identify the key financial processes which an entity uses in the preparation of its financial statements. For the Pension Fund the key processes that we have identified comprise:

- ▶ Benefits Payable
- ▶ Contributions receivable
- ▶ Investments
- ▶ Cash and bank processes; and
- ▶ Financial Statements Close Process

Having identified the key processes we document the main controls and perform a walkthrough of the controls to confirm our understanding of their operation. We are planning to follow a substantive testing strategy for the identified processes.

We will also undertake work in accordance with our IAS 19 protocol to provide information on which relevant admitted bodies of the Pension Fund can place reliance when preparing their financial statements.

Internal audit

As in prior years, we will review internal audit plans and the results of work undertaken. We will reflect the findings from these reports, together with reports from other work completed in the year, in our detailed audit plan, where issues are raised that could impact the year-end financial statements.

Where relevant, we will use the work of internal audit to inform our assessment of the Pension Fund's overall control environment.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular in respect of journal entries. These tools:

- help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- give greater likelihood of identifying errors than random sampling techniques.

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

Use of experts

In producing the financial statements, management will place reliance on the work undertaken by experts. We anticipate being able to undertake sufficient procedures such that we will be able to place reliance on the work undertaken by management's experts.

We also anticipate relying on the work of the experts commissioned by the Audit Commission in respect of the work undertaken by the pension scheme actuary appointed by the Pension Fund.

We will utilise specialist EY resource, as necessary, to help us to form a view on judgments made in the financial statements. Our plan currently includes the involvement of specialists in pensions.

Mandatory procedures required by auditing standards

In addition to the financial statement risks outlined in section 2, we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

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

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements.
- ▶ Reviewing, and where appropriate, examining evidence that is relevant to the Pension Fund's corporate performance management and financial management arrangements and reporting on these arrangements

3.3 Materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We have determined that overall materiality for the financial statements of the Pension Fund is £16m based on 1% of net assets.

We will communicate uncorrected audit misstatements greater than £816,000 to you.

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

3.4 Fees

The Audit Commission has published a scale fee for all authorities. This is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for the audit of the Oxfordshire Pension Fund is £24,108.

3.5 Your audit team

The engagement team is led by Peter O'Neill who leads EY's pension's assurance team. Peter is supported by Alan Witty who is responsible for the day-to-day direction of audit work, and who is the key point of contact for your finance and pension teams. Peter has recently retired and has been replaced by Baldeep Singh. Baldeep will be assuming Peter's local authority pension responsibilities and so will oversee your audit to conclusion.

Maria Grindley leads our overall engagement with Oxfordshire County Council and our relationship with the Audit and Governance Committee.

3.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the committee cycle in 2014. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

We will provide a formal report to the Pension Fund Committee in September 2014, incorporating the outputs from our year-end procedures. From time to time matters may arise that require immediate communication with the Audit & Governance Committee and we will discuss with the Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an annual audit letter to communicate to the Audit & Governance Committee and external stakeholders, including members of the public, key issues arising from our work.

Audit phase	Timetable	Audit and Governance Committee timetable	Deliverables
High level planning:	December 2013 / January 2014	March 2013	Audit Fee Letter
Risk assessment and setting of scopes	December/ January	April 2014 Committee	Audit Plan
Testing of routine processes and controls	February/ March 2014		
Year-end audit	July – September	September 2014	Report to those charged with governance Audit report (including our opinion on the financial statements)
Reporting	November	November	Annual Audit Letter (County Council)

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

4. Independence

4.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission’s Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

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

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

4.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. However we have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective.

Self- interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved and that are in compliance with the Audit Commission's Standing Guidance

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Baldeep Singh, your audit engagement partner and the audit engagement team have not been compromised.

4.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 28 June 2013 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2013>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2013-14	Actual Fee 2012-13	Explanation of variance
	£	£	
Total Audit Fee – Code work	24,108	24,108	
Non-audit work (provide details)	0	0	

Indicative fee

The agreed fee presented above is based on the following assumptions:

- ▶ The level of risk in relation to the audit of accounts is consistent with that in the prior year
- ▶ You have an effective control environment
- ▶ Officers meet the agreed timetable of deliverables
- ▶ Appropriate quality of documentation is provided by the Pension Fund
- ▶ We are able to use the work of internal audit to inform our understanding of your internal control environment;
- ▶ Our accounts opinion being unqualified.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with you in advance.

Appendix B UK required communications with those charged with governance.

There are certain communications that we must provide to the audit committee of audited clients. These are detailed here:

Required communication	Reference
<p>Planning and audit approach</p> <p>Communication of the planned scope and timing of the audit including any limitations.</p>	Audit Plan
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Report to those charged with governance
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	Report to those charged with governance
<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Report to those charged with governance
<p>Related parties</p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Report to those charged with governance
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Report to those charged with governance
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off 	Report to those charged with governance

Required communication	Reference
<ul style="list-style-type: none"> ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit Plan</p> <p>Report to those charged with governance</p>
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<p>Report to those charged with governance</p>
<p>Significant deficiencies in internal controls identified during the audit</p>	<p>Report to those charged with governance</p>
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<p>Annual Plan</p> <p>Report to those charged with governance</p> <p>Annual Audit Letter</p>

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Division(s): NA

AUDIT and GOVERNANCE COMMITTEE – 17 SEPTEMBER 2014

INTERNAL AUDIT 2014/15 PROGRESS REPORT

Report by the Chief Financial Officer

INTRODUCTION

1. The agreed Internal Audit Plan for Q1 & Q2 2014/15 is attached as annex 1 to this report, and includes a progress status for those audits. This report also includes a summary of the completed audits, and the current status of the management action arising from those audits.
2. This report would usually include the audit plan for the remainder of 14/15; however, resources within the Audit Team have now become an issue. Recruitment has not been successful. Difficulty in recruiting experienced Audit Staff is an industry wide issue. We are considering going back to market shortly, but on a different strategy; offering a lower grade of post, hoping to attract new entrants with a training programme. This will have the advantage of providing existing staff with the opportunity to develop supervisory and coaching skills, but will also have a negative impact on the Audit Plan.
3. We have previously utilised the call off contract with Mazars to provide resilience. Across our clients we are already utilising the maximum capacity of Mazars staff they are able to offer.
4. The shortfall on audit days is currently equivalent to two FTE (400 days). We will be undertaking a full review of the Audit Plan, and will be looking at options for obtaining assurance within a reduced number of audit days. This will be a key focus in September. A revised plan will be presented to the AWG in October for consideration.

2014/15 AUDIT PLAN PROGRESS

5. There have been four 2014/15 audits concluded since the last update (provided to the July meeting of the Audit and Governance Committee); summaries of findings and current status of management actions are detailed in Annex 2. These have also been reported to the Audit Working Group. The completed audits are as follows:

Directorate	2014/15 Audits	Opinion
OCS	Windows Active Directory Review 2014/15	Amber
OCS	Managed Connectivity Services (Part 1) 2014/15	Amber
CEF	Early Years Payment Process 2014/15	Amber
SCS	Client Charging 2014/15	Amber

PERFORMANCE

6. The following performance indicators are monitored on a monthly basis.

Performance Measure	Target	% Performance Achieved	Comments
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 days	100%	None.
Elapsed Time between issue of Draft report and issue of Final Report.	15 days	50%	The two audits that did not achieve the target averaged at 8 days over.

The other four performance indicators are:

- % of 2013/14 planned audit activity completed by 30 April 2014 - reported at year end.
- % of management actions implemented - 89%. There are 6% (73 actions) that are overdue
- Effectiveness of Internal Audit - reported at year end.
- Extended Management Team satisfaction with internal audit work - reported at year end.

COUNTER-FRAUD

7. There are six schools currently under review / investigation, the status of these are as follows;

- The investigation into the whistleblowing allegation regarding inappropriate procurement practices found that there was a failure to follow established policy and procedure. The audit also identified a number of areas where there were either weak controls or gaps in control, this has been highlighted to the school so they can rectify them going forward. There was insufficient evidence to suggest any actual fraud having taken place by the individual, however this is now with the directorate to ascertain whether they want to take this any further and interview former members of staff.
- The whistleblowing allegation received by the Oxford Diocese relating to financial mismanagement has been closed as the school have reviewed the control arrangements in place and are addressing the performance issues identified.
- A Headteacher referred suspected systematic theft of cash at a school, to the Police. An employee resigned their post as a result. A further update will be sought in September at the beginning of the school term.

- One anonymous whistleblowing allegation was received relating to a grant fund being used to pay a senior member of school staff's family member. Audit conducted some background checks with information available, however that did not show anything untoward. This allegation has now been passed to the Chair of Governors to look into, via the CEF Deputy Director.
 - A school reported that they had been the victim of an external attempt of fraud, having received an unexpectedly large telephone bill. The school are in contact with the suppliers to ascertain what has happened and have not yet paid the bill. This is currently being reviewed with ICT to see whether there is any advice or additional actions required to try and prevent this type of external threat in the future. A communication will be issued to the schools at the beginning of the school term.
 - Another school reported a small cash theft. It was reported to the Police who decided not to take it further. Audit discussed the control arrangements with the Bursar and noted some areas where improvement could be made to prevent this happening again. The school agreed to adopt new procedures to address the gaps.
8. An allegation was received relating to procurement card misuse. It was noted that a team were using cards assigned to people that had either left the Council, or were on sick leave. These cards have since been cancelled by the Banking Team. Audit reviewed the transactions and they appeared to be appropriate for the nature of the work concerned. This was also discussed with the manager who is now clear on the correct process.
9. An investigation into overtime claims within a service area did not identify any fraud; however a number of management issues were identified including poor control. Actions have been taken to correct this.
10. There has been a result in Court regarding the fraud within the County Print Finishers Unit. The dismissed employee has attended Crown Court and received a prison sentence of one year, suspended for two years, and is required to undertake community service. No funds were awarded to the Council through the compensation order; instead the Court decided to seek recovery through the Proceeds Of Crime Act (POCA). The POCA hearings are set for October and the POCA Team will be in touch with OCC to advise on the exact date nearer the time.
11. Following an establishment audit an agreed management action to further investigate the use of high street vouchers identified that the Manager had purchased in excess of £28k of vouchers.
- Initial review of these transactions by Finance and Internal Audit concluded that there has been inadequate management control over the storage, documentation, issue and accounting for the vouchers, which has meant the possibility of theft, error or misuse of the vouchers could not be ruled out. A clear trail of vouchers purchased and how these have been spent has not been maintained. Receipts were not available to account for all vouchers recorded as spent. It is estimated that over £3,200 of spend against vouchers cannot be properly accounted for. It was not possible to confirm that the

expenditure against the vouchers was for appropriate business use. It was also noted that some unspent vouchers have now gone out of date.

A management investigation has been concluded and a disciplinary action taken. There has been a full review of the use of vouchers within the service, with clear procedures and controls introduced. The use of vouchers is now restricted to minimal amounts and for approved exceptional use.

12. An external whistle-blower made allegations of "fraud" in respect of false recording of records relating to a children social care client. The matter was investigated by Internal Audit. It was concluded there was no evidence of fraud; however there were errors in the records reviewed, including dates of contact or events. The document management process was not been reviewed as part of the investigation, but based on the accuracy issues identified a recommendation has been agreed that a quality audit is undertaken as part of the annual cycle of safeguarding quality assurance reviews.

RECOMMENDATION

The committee is RECOMMENDED to note the report.

LORNA BAXTER
Chief Finance Officer

Contact Officer: Ian Dyson, Chief Internal Auditor,
Contact Number: (01865) 323875
Background papers: None.

2014/15 - Internal Audit Plan Q1 & Q22014/15 - Completed Audits

Directorate	Audit	Conclusion
OCS	Windows Active Directory Review 2014/15	Amber
OCS	Managed Connectivity Services (Part 1) 2014/15	Amber
CEF	Early Years Payment Process 2014/15	Amber
SCS	Client Charging 2014/15	Amber

2014/15 - Audits in progress

Directorate	Audit
E&E	Property & Facilities Contract
E&E	ITU Assurance Framework
E&E	Energy From Waste
E&E	Innovation Support for Business
E&E (OCS)	Externalisation Programme
E&E (OCS)	PSN Code of Connection
CEF	Placement Strategy
SCS	LEAN / Responsible Localities
SCS	Personal Budgets / Direct Payments
SCS	Pooled Budgets
SCS	Residential and External Home Support Payments
OFRS	Joint Fire Control Programme
Cross Cutting	Grant Certification Work

Summary of Completed Audits - 2014/15**Windows Active Directory Review 2014/15**

Opinion: Issues	19 June 2014	
Total: 13	Priority 1 = 0	Priority 2 = 13
Current Status:		
Implemented	2	
Due not yet actioned	9	
Partially complete	0	
Not yet Due	2	

Windows Active Directory (AD) is a core component of the network and performs a key role in ensuring network services and resources are appropriately managed and secured. An important function of Windows AD is to authenticate network users and control/restrict their level of access.

We have found some areas of good risk management and control, including the domain security and auditing policies, which are set in accordance with PSN (Public Services Network) Code of Connection requirements. Furthermore, in terms of auditing, domain controller event logs are copied to an external system for longer term retention. Domain administrator accounts were reviewed and found to be limited to ICT users who require such level of access.

However, we have identified a number of areas where controls need to be further strengthened to protect the network from unauthorised access and/or cyber threats. This includes:

- Having a formalised system for receiving and distributing security bulletins;
- Ensuring all operating software is patched up to date;
- Reviewing user accounts where the password is set to never expire;
- Disabling the default administrator account as it is not required;
- Introducing a policy for managing dormant accounts and service/resource accounts;
- Implementing more comprehensive alerting on the Tripwire Log Centre system; and
- Documenting the purpose of all Group Policy Objects.

Managed Connectivity Services (Part 1) 2014/15

Opinion: Issues	24 June 2014	
Total: 07	Priority 1 = 0	Priority 2 = 07
Current Status:		
Implemented	0	
Due not yet actioned	7	
Partially complete	0	
Not yet Due	0	

The Council has contracted Vodafone to provide a wide area network and managed firewall services, enabling it to replace the existing and expensive OCN service provided by Capita. The Capita contract has been extended from 31st March 2014 to cover the migration period.

A governance structure has been agreed for the MCS programme and includes a Project Team, Management Group and a Strategy Group. However, the Project Team and Strategy Group do not have formal terms of reference and the terms of reference for the Management Group are not valid, as they only relate to the group's post implementation responsibilities for managing the MCS contract. The roles and responsibilities of OCC staff involved in the programme also need to be further defined.

A project plan, risk log and issues log are maintained by both Vodafone and OCC. The OCC versions are specific to its areas of responsibility and a review of each document has identified weaknesses that need to be addressed.

There are systems in place for managing and reporting on programme finances. However, it is noted that the budget code used for recording programme costs is not exclusive to the MCS programme and includes other ICT strategic initiatives. Whilst this has potential risks, these are currently being managed.

The rollout of MCS will include a pilot phase, to allow any errors and issues to be identified and resolved before work begins on migrating other sites. Formal test plans and sign-offs will be used for each site.

Early Years Payment Process 2014/15

Opinion: Amber	23/07/2014	
Total: 04	Priority 1 = 01	Priority 2 = 03
Current Status:		
Implemented	1	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	3	

1. Maintained Schools

The pupil count data cleansing process is managed by the Performance & Information team in SCS (Social & Community Services). Their automated and manual checks to identify duplicate or inaccurate claims are adequate. However from review of the Spring 2014 payments, the final cleansed data was not sent to the finance team for payment; instead data which was still being worked on was used for the payment run, resulting in a number of incorrect payments. The team have acknowledged this was inadequate and going forward there will be greater clarity on timescales for sending data to Finance and better communication on the data required by the Finance team. Statements listing each child and payment amounts are not issued to schools (they are issued to PVI's), so the likelihood of schools identifying such errors are lower. (PVI = Private, Voluntary and Independent Early Years Settings).

The government funding we receive for academies is generated from the data academies input to the separate COLLECT system. However, internally within OCC, academies are administered under the PVI process, and their data is input to ONE (main pupil database maintained by OCC) by the NEF team, which in turn informs our payment amounts to academies. The two systems are not reconciled to ensure there are no disparities between the two, creating a risk that the funding we receive from central government for the academies may not match the funding we pay out to academies.

2. PVIs

The PVI process is managed by the Nursery Education Funding (NEF) Team in OCS. There are additional controls governing the PVI process compared to the maintained schools, and the claims process itself is more complex and administratively heavier. The team consists of 3 posts, but have carried one vacancy for some time. They have experienced issues following the recent system upgrade to the ONE system. Despite these setbacks, the audit testing found no inaccuracies or gaps in control. Funding Agreements with providers were in place and tracked adequately; over and underpayments were logged and included in subsequent payment rounds; and reconciliations are undertaken between SAP payments and ONE to identify any discrepancies. The team run both automated reports from ONE and undertake numerous checks on Excel spread sheets to identify duplicates and anomalies or errors, with issues adequately investigated and resolved. The team usually undertake spot checks of 20 providers each term, to request evidence of the Parental Declaration forms and invoices. However, these checks had not been undertaken this year, reportedly due to capacity issues.

3. Two year old funding

Two Year old funding is managed by the Early Years Sufficiency & Access Team in CEF. This funding stream differs in that it is not universal, but applies only to the 40% most disadvantaged 2 year-olds. The process set up to administer the 2 Year Old Funding is robust. The team use a sophisticated purpose-built Excel spread sheet, which automatically calculates payments due (including over payments and adjustments), identifies duplicate entries and anomalies such as funding beyond entitlement and automatically produces the claim sheets and statements for each provider. From the sample of 10 payments reviewed, no errors or issues were identified. However,

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from a review of the payments authorisation, it was noted that payment requests have been split in order to bypass the Scheme of Delegation.

The audit noted that the targets set by central government for the take-up of 2 Year Old free nursery places are not being achieved. Whilst this currently does not affect the amount of funding OCC receive, from January 2015 funding will be calculated upon actual take-up (through the schools census), and efforts are currently being made therefore to increase the take-up figures in advance of this date.

Client Charging 2014/15

Opinion: Amber	26/08/2014	
Total: 10	Priority 1 = 02	Priority 2 = 08
Current Status:		
Implemented	3	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	7	

An audit of Client Charging was undertaken in 2012/13 (report issued at the end of March 2013). The overall conclusion was Unacceptable and there were 32 management actions agreed. 12 were priority 1 management actions and 20 were priority 2 management actions.

There has been significant work by both SCS and OCS to address the weaknesses identified and all 32 management actions had been reported as implemented by the officers responsible. Key actions implemented include the completion of workshops with staff from OCS and SCS to review client charging processes, improved and more comprehensive client charging performance information and a number of relevant policies and procedures created or updated (including the Contributions Policy).

This year's audit has included follow up on all of the management actions agreed as a result of the 12/13 Internal Audit in order to confirm whether the implementation of the management actions agreed has been effective in mitigating the risks highlighted. Of the 32 management actions tested, 23 have been confirmed as implemented. However 9 have been confirmed as only partially implemented and not working effectively. For the 9 management actions identified as not fully implemented or working effectively, 3 were priority 1 actions and 6 were priority 2 actions. These actions have either been re-stated or revised and are included within this report. Key issues that are outstanding include:

- Whilst the reconciliation of all SDS (Self Directed Support) client accounts for 12/13 were completed and necessary adjustments made, at the time of the audit (end of May 2014) the reconciliations for 13/14 had not been undertaken, although the first quarter for 2013/14 had been calculated. By the time the audit report was issued (July 2014), the initial calculations for 13/14 had been completed and the refunds were in the process of being checked before being processed. The Contributions Policy states that this reconciliation should happen quarterly (acknowledging that the Policy was not finalised by SCS until January 2014). This issue is not being included within the regular performance information provided to SCS although the SCS Finance Business Partner was aware of the position which had also been reported to the SCS Finance Liaison meeting.
- There is a lack of clarity on the basis of charging, as at the moment a mixture of Personal Budgets and actuals are used. Different authorities reportedly use a variety of approaches and it is hoped that the Care Bill may provide clarity on this.
- Although the period of free care has been reviewed and clarified and is documented in the ASC Contributions Policy, the Financial Assessments Team are not receiving clear information in circumstances where Reablement and Discharge to Access care continue past the 6 weeks allowed free of charge. There is currently no mechanism in place for SCS to inform the Fairer Charging Team to enable them to ensure the financial assessment process is initiated for clients receiving more than 6 weeks reablement care.
- During 13/14 there had been an issue with some clients being undercharged for day centre attendance following Cabinet approval of revised charges. The Fairer Charging Team Manager reported that the charges had not been updated on the system as the team had not been notified by SCS of the September 2013 increase until February 2014.
- Due to the manual nature of data input, there have historically been issues with accuracy within the Financial Assessments team. In 2011/12 management actions were agreed to address this by re-introducing sample checking. In 2012/13 this was identified as still being an issue and the management

action was re-stated. Testing during this audit has identified that within the Fairer Charging Team it has been possible to confirm that regular sample checking is now taking place and that issues noted are being addressed promptly. However whilst there is evidence that sample checking was being undertaken within the Residential Team between November 13 and January 14, no sample checking has been undertaken since then, management have explained that this was due to exceptional levels of staff shortages.

- In 2010, exception reporting was developed to identify clients recorded on Swift (main client database), receiving a service which comes under fairer charging, that were not recorded on Abacus (client charging system). The aim of this and other exception reporting developed, for example ETMS exception reporting, (ETMS = Electronic Time Management System) is to promptly identify clients that need to be financially assessed, but are not known to the Financial Assessments Team in order to limit the amount of foregone income as far as possible. During the 2012/13 audit it was identified that regular exception reporting had stopped and also that roles and responsibilities within SCS in relation to reviewing and taking action on the reports produced had become unclear due to staffing changes and restructuring within the directorate. Internal Audit have confirmed during this audit that the exception report has been reviewed, discussed with SCS and has been refined, so it is now fit for purpose however it has only been possible to confirm that the exception report has been provided to SCS and reviewed by locality teams for one month (October 2013). No regular comparison of Swift and Abacus records has therefore been taking place. It should be noted however that once this was raised by Internal Audit, immediate action has been taken to rectify this and re-introduce the monthly reporting from June 2014. It was noted that one of the anomalies picked up during the October report highlighted that one client had potentially been in receipt of a chargeable service, without having been charged for 3 years. Further investigation highlighted this was a unique error and related to a client that had previously been assessed as nil cost and fairer charging had stopped when he went into a residential educational establishment. Whilst it is clear that the client did not receive a continuous service which would have been subject to fairer charging over the three year period, it has not been possible to reconcile whether there were short term periods of care which would have been subject to a financial assessment. Internal Audit do not consider this to be a material error and it is unlikely to have had any financial impact, however it reinforces the importance of undertaking the monthly exception reporting between Swift and Abacus. A financial assessment was completed for this client in December 2013 following the exception report analysis. It is noted that this exception reporting is an interim arrangement, as the new ASC IT system will work from a common set of data.
- A small sample of walkthrough testing indicated that financial assessments are being processed promptly and accurately within the Fairer Charging section of the Financial Assessments Team, however also highlighted instances where SCS did not refer clients for financial assessments promptly to the team. Performance reporting indicates there remains an underlying level of late referrals and instances where no referral has been received. Information on these cases is sent regularly to SCS Area Service Managers for investigation and action.
- A small sample of walkthrough testing of assessments completed within the Residential section of the Financial Assessments Team noted minor issues with the completion of financial assessments within timescales. However audit did note one instance where sufficient evidence was not obtained from the client and another where a client was not charged full cost whilst waiting for more information to be provided (which is inconsistent with other clients).
- Performance Indicators are being reported monthly to the SCS/Finance meetings. Performance with regards Foregone Income peaked in October 2013 at £63,000, as a result of clearing the backlog of clients requiring an assessment. Figures have since reduced. High level income figures are monitored monthly at the Commissioning and Finance Officers' Group (CFOG), however it is planned that after September 2014 these will be allocated to Locality teams to be monitored in more detail.

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Division(s):

AUDIT AND GOVERNANCE COMMITTEE – 17 SEPTEMBER 2014

QUARTERLY UPDATE OF RESPONSIBLE LOCALITIES, LEAN AND NEW ADULT SOCIAL CARE IT SYSTEM

Report by Deputy Director, Joint Commissioning

Introduction

1. The Audit and Governance Committee requested a quarterly update commencing in September 2014 of the Responsible Localities, LEAN and new Adult Social Care IT system projects. This paper provides a brief overview of these projects. The Programme Manager (Kerry Dearden) of the Adult Services Improvement Programme meets quarterly with Sarah Cox to provide detailed oral updates and Sarah Cox is also provided with copies of all Adult Services Improvement Programme Board papers within which Responsible Localities and LEAN are governed. In addition to the information below Sarah Cox is also involved in the approval of some of the project recommendations. The Adult Services Improvement Programme is supported by a monthly staff newsletter and intranet site.

Projects

2. **LEAN of Adult Social Care processes**
This project is governed through the Adult Services Improvement Programme (ASIP). The approved Project Initiation Document (PID) identified the following areas as being out of scope for the project, namely:
 - Processes relating to people who access Mental Health services
 - People requiring only health services
 - Community services
 - The County Councils' financial assessment processes
 - The County Council's complaints process
3. Baker Tilly won the tender to provide professional LEAN consultancy and leadership to the project and sub-contracted the day to day activities to KM&T a specialist LEAN consultancy. We are supported by two LEAN consultants on a day to day basis plus additional programme management and leadership from the two organisations. The objectives of the project are to review the majority of Adult Social Care processes to remove duplication and ensure consistency across all localities. The project is slightly behind schedule due to a number of unfortunate external resource issues but there is an agreed master schedule that all parties are now successfully working towards. The project has now completed its scoping stage, with a detailed roll out plan in operation and there are pilots currently underway to check if the proposals work

4. Examples of lean proposals being trialled include a financial checklist being introduced at the initial point of contact with the Council. This will provide clear information about the Council's charging policy and how the individual may maximise their income by applying for appropriate benefits. Resources are also being targeted at the first point of customer contact to provide quick responses such as issuing certain equipment. A review of the use and content of forms is also a significant area of work with benefits expected across both Adult Social Care and Financial Assessment teams and to the service users, ensuring they only have to tell their story once.
5. A full project management office is in operation at County Hall. Each locality office and acute and community hospital where social care staff are based, has a communication board so that all staff are aware of the activities that are underway. The project is anticipated to be completed by the end of December 2014.

Responsible Localities

6. The Responsible Localities project sets out to re-design the service delivery model for Adult Social Care so that it better serves the Social and Community Services vision *'to enable people to live their lives successfully, independently and safely'*, ensuring we continue to deliver on our statutory requirements for Adult Social Care.
7. The Responsible Localities project is a phased service redesign of Adult Social Care, focussed on improving the service user pathway. The redesign of the pathway will be from an individual's perspective, ensuring that Adult Social Care's processes support this journey.
8. There are several key elements which must be incorporated throughout the care pathway. These are to ensure that the principles of individual self-determination and, where appropriate, a single keyworker are available to individuals. Other key areas of work which will run throughout the care pathway redesign are opportunities for integration with Health and supported self-assessment.
9. The Responsible Localities project was agreed at the Adult Services Improvement Programme Board through which it is governed to commence implementation in November 2014 (after the majority of the LEAN and the new IT system work have been completed). However, some aspects of Responsible Localities will be delivered through LEAN e.g. a review of the initial point of contact at our Customer Service Centre which will establish a single process for referrals into the service regardless of how the individual first contacts the Council. If an individual's needs cannot be met by advice and support, they will experience a seamless handover to the relevant operational team and are required to tell their story once.
10. A more detailed update on Responsible Localities will be given at the next quarterly update once the project has commenced.

New Adult Social Care Information Technology system

11. This project is governed through the Adult Social Care Information Technology Board.
12. Following a successful procurement exercise, the current social care system SWIFT will be replaced by LAS from Liquid Logic and the finance system ABACUS will be replaced by a system called CONTROCC from Oxford Computer Consultants. Although the systems are separate, they are widely used together and have been fully integrated. Once fully configured and installed, it will present and function as a single integrated system.
13. The replacement of Swift and Abacus is still on track for delivery in May 2015. A test version of the LAS system has been installed and the initial system configuration has taken place. Our colleagues in Information and Communication Technology are currently testing this system with support from Liquid Logic in preparation for a more detailed configuration phase, currently scheduled to start after the LEAN process work has been completed. The system is also being configured to meet the needs as reflected in the DRAFT Care Act guidance. Both the LEAN project plan and the new IT system project plan are aligned to meet the needs of both projects.
14. At present, colleagues in Information and Communication Technology remain confident that the May 2015 timescale is achievable. However, given that final detailed guidance on the Care Act will not be finalised until the end of October 2014, there may be a requirement for further requests for change. Should changes be required, these will be managed via a formal change control process to the Adult Social Care Information Technology Board and an assessment of timescales and their achievability will take place. Any changes resulting from the final guidance of the Care Act later this year would impact all local authorities and therefore there is close working with Liquid Logic and Oxford Computer Consultants in this matter.
15. We have already purchased the customer Self Service portals as part of the original IT System procurement and these will need to operate in-conjunction with a number of other Council systems. Information and Communication Technology have committed to investigate and report back on the most suitable solution in the next 4 – 6 weeks. These portals will be a new development for Oxfordshire to better meet the information, advice and future self-service needs of our general public including self-funders, carers and clients. A more detailed update on these portals will be provided at the next quarterly update.

RECOMMENDATION

16. The Audit and Governance Committee is RECOMMENDED to note the paper.

KATE TERRONI
Deputy Director Joint Commissioning

Contact Officers: Kerry Dearden and Martyn Ward

September 2014

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Division(s):

AUDIT AND GOVERNANCE COMMITTEE – 17th SEPTEMBER 2014

REPORT ON THE AUTHORITY'S POLICY FOR COMPLIANCE WITH THE REGULATION OF INVESTIGATORY POWERS ACT 2000 AND USE OF ACTIVITIES WITHIN THE SCOPE OF THIS ACT

Report by County Solicitor and Monitoring Officer

Introduction

1. The Regulation of Investigatory Powers Act 2000 ('the Act') creates the legal framework for the lawful use of covert surveillance and access to telecommunications data by public authorities. Prior to the introduction of this Act, the use of covert surveillance and access to communications data were not controlled by statute. Codes of Practice issued under this Act contain the detail that public authorities must have regard to when using covert surveillance or accessing communications data.
2. There is no direct sanction within the Act against Local Authorities for failing to comply with its provisions. Nevertheless covert surveillance or accessing communications data by its nature is an interference of a person's right to a private and family life guaranteed under Article 8 of the European Convention on Human Rights. The consequences of not obtaining prior authorisation in accordance with the Act may mean that any surveillance evidence gathered may be ruled inadmissible by the Court. In addition, the action may be unlawful by virtue of Section 6 of the Human Rights Act 1998 i.e. a failure by the Authority to conduct this work in accordance with human rights conventions.
3. The Codes of Practice under the Act require that elected members review the Authority's use of the Act periodically and review the Authority's policy annually. This paper provides a summary of the activities undertaken by Oxfordshire County Council that fall within the scope of this Act for the period from April 2013 to March 2014.

Exempt Information

4. This report contains no exempt information. However, if specific details of operations or activities are required by the committee it may be necessary for the committee to exclude members of the public from the meeting in order to either-
 - a. Prevent the disclosure of information relating to an individual, or
 - b. Prevent the disclosure of information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of a crime.

Use of the Act by Oxfordshire County Council

5. Between April 2013 and March 2014 the Council authorised covert surveillance on only 2 occasions. This is a significant reduction on the number of authorisations granted in previous years. This reduction is mainly a consequence of the publication of a new Code of Practice on age restricted products by the Better Regulation Delivery Office (a section of the Department of Business, Innovation and Skills). Local Authorities are required to have regard to this Code of Practice when carrying out activities aimed at reducing the sale of age restricted products to persons under 18 years of age. The Code makes routine testing of shops through test purchase exercises subject to more stringent requirements and, particular, it is now required that overt methods to reduce the sales should have been attempted and have failed before test purchasing is considered. Therefore no test purchasing exercises were carried out between March 2013 and April 2014, reducing the number of RIPA authorisations sought.
6. For context, the committee may wish to know that 2 covert test purchase exercises relating to age restricted products were carried out between April 2012 and January 2013 at which time the new Code of Practice came into force. Between April 2011 and March 2012 there were 11 similar test purchasing exercises. Typically, between 15% and 30% of premises tested in an exercise fail and sell age restricted products to people under 18 years of age.
7. One of the authorisations granted in 2013/14 related to a doorstep crime investigation conducted by the Trading Standards Service. This surveillance involved installing a covert camera at the victim's home, with their consent, to record images of any person approaching their front-door. The other concerned a Fire and Rescue Service investigation. This surveillance involved fitting covert cameras at a Fire and Rescue Service building to assist in the detection of theft from that property.
8. In the same period there were 4 requests for access to communications data that were authorised (i.e. requests to provide the names and addresses of subscribers of telephone numbers). All of these requests related to an investigation into the mis-selling of 'green energy' products such as solar panels. A prosecution has been commenced in relation to this matter and is scheduled for trial in January 2015.
9. Covert surveillance continues to be an essential investigatory method for the Trading Standards Service. In particular, covert cameras are used to provide protection to vulnerable people who have become victims of doorstep crime. Cameras mounted at the victim's home are used to record visitors to the property and immediately alert the Trading Standards Service when someone approaches the door so that help can be arranged if necessary.
10. Another matter of note is the conclusion in October 2013 of a prosecution resulting from an investigation that required covert surveillance. This prosecution concerned the supply of counterfeit products on Facebook. The

investigation was commenced following consumer complaints. The perpetrator was initially contacted and warned to cease this practice but she took steps to avoid detection and continued to sell similar items which were suspected of being counterfeit. In order to establish whether the items being sold by this person were genuine or counterfeit it was necessary for officers from the Trading Standards Service to contact her via Facebook and purchase some items from her. This constitutes covert surveillance and both an authorisation for directed surveillance and an authorisation for conduct as a covert human intelligence source was granted in August 2012. The items purchased were found to be counterfeit and a prosecution was commenced. She entered guilty pleas and was fined £1600 and order to pay back £2000 in costs.

Magistrate's Oversight

11. In October 2012 a new requirement for oversight of authorisations of covert surveillance activities was introduced by the Protection of Freedoms Act 2012. All authorisations for covert surveillance activities falling within the scope of the Act granted by local authorities now need Magistrate's approval before they take effect. Since these changes came into force Magistrate's approval has been granted on all occasions that an application has been made.

Policy

12. The Authority's Policy on Compliance with the Regulation of Investigatory Powers Act 2000 is annexed to this report. The Policy was updated during 2012 to reflect the changes to the requirements introduced through the Protection of Freedoms Act 2012. The policy has been reviewed and remains up to date but the committee are invited to comment on any amendments or changes that may be appropriate.

External Inspection

13. Public authorities are subject to periodic inspection by the Office of Surveillance Commissioners (OSC). These inspections review the authority's systems of internal control and comment on the appropriateness of authorisations granted under the Act.
14. This authority was inspected by the OSC in May 2014. The inspection resulted in one recommendation for improvement in respect of the detail recorded on the record of cancellation of a surveillance authorisation. The inspector found that records of cancellations did not comply with OSC guidance but it should be noted that there is no specific requirements in the legislation or Codes of Practice on this aspect of the procedures. Otherwise, the OSC report comments on the high standard of applications and authorisations that were reviewed and the good level of knowledge of the officers that were interviewed. No authorisations were considered to be inappropriate and all authorisations were granted with due regard to the necessity and proportionality of the activity proposed.

Recommendation

15. The Committee is recommended to consider and note the periodic and annual use of RIPA by Oxfordshire County Council and the associated Policy.

NAME: Peter Clark
County Solicitor & Monitoring officer

Background papers: None

Contact Officer:

Richard Webb; Trading Standards and Community Safety Manager; Tel: (01865)
815791

August 2014

1. Introduction

- 1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) regulates the use of covert surveillance activities by Local Authorities. Special authorisation arrangements need to be put in place whenever the Local Authority considers commencing a covert surveillance or obtaining information by the use of informants or officers acting in an undercover capacity.
- 1.2 Local Authorities do operate covert activities in a number of key areas. Activities can include covert surveillance in relation to Internal Audit and Human Resources where fraud, deception or gross misconduct by staff might be suspected. The legal requirements are now supplemented by codes of practice issued by the Home Office for certain surveillance activities, (covert surveillance activity and covert human intelligence sources) breaches of which can be cited in Court as evidence of failure to abide by the requirements of RIPA. This may mean that the evidence obtained by that surveillance is excluded.
- 1.3 The Council policy is that specific authorisation is required for any covert surveillance investigation. There are only a small number of authorising Officers who can give this permission and these are as follows:
- County Solicitor
 - Designated authorising officer – Trading Standards and Community Safety Manager
- Before authorisation it will normally be necessary to consult with the relevant Deputy Director/Head of Service.
- 1.4 Before seeking authorisation you should discuss the matter with your Line Manager.
- 1.5 This Policy applies to all services except Trading Standards who have their own specific internal Service procedures for dealing with authorisations. However, copies of all authorisations including those for Trading Standards will be forwarded to the County Solicitor for retention in a central register, and Trading Standards will simply be exempt from the provisions of this policy concerning prior authorisation.

2 Definitions

Surveillance – includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. It may be conducted with or without the assistance of a surveillance device and includes the recording of any information obtained.

Covert Surveillance – This is carried out to ensure the person who is the subject of the surveillance is unaware that it is or may be taking place. The provisions of RIPA apply to the following forms of covert surveillance:

- a) **Directed Surveillance** – is covert but not intrusive, is undertaken for the purposes of a specific investigation which is likely to result in the obtaining of

private information about a person (targeted or otherwise) e.g. checking staff are making claimed visits, time spent etc.

- b) **Intrusive Surveillance** - Local authorities may not use hidden officers or concealed surveillance devices within a person's home or vehicle in order to directly observe that person.¹
- c) **Covert Human Intelligence Source (CHIS)** – This is an undercover operation whereby an informant or undercover officer establishes or maintains some sort of relationship with the person in order to obtain private information e.g. test purchasing, telephone calls where the identity of the caller is withheld.

Deputy Director/Head of Service – this also includes those authorised to act on behalf of the Deputy Director/Head of Service as set out in clause 7.4.

3 RIPA Requirements

- 3.1 Directed surveillance only falls within the scope of the RIPA if it meets one of the following tests – criminal offences which attract a maximum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco.

Directed surveillance that does not meet one of these tests will fall outside the scope of the RIPA. In this instance specific authorisation must be sought from the County Solicitor before the activity can take place.

- 3.2 Basically directed surveillance must be authorised prior to it taking place, be subject to regular review and must be shown to be **necessary and proportionate**. RIPA does not enable a local authority to make any authorisations to carry out intrusive surveillance.
- 3.3 All non-intrusive covert surveillance and CHIS requires prior authorisation by the appropriate Local Authority Officer (as set out in this policy) before any surveillance activity takes place. The only exception to this is where covert surveillance is undertaken by way of an immediate response to events that means it was not foreseeable and not practical to obtain prior authorisation.
- 3.4 Judicial approval is also required before any internal authorisations given under RIPA take effect. Once internal authorisation has been granted a specific application to the Magistrates Court will be required.
- 3.5 There is no direct sanction against Local Authorities within the RIPA for failing to seek or obtain authorisation within the organisation for surveillance, nevertheless such activity by its nature is an interference of a person's right to a private and family life guaranteed under Article 8 of the European Convention on Human Rights. The Investigatory Powers Tribunal is able to investigate complaints from anyone who feels aggrieved by a public authority's exercise of its powers under RIPA.
- 3.6 The consequences of not obtaining authorisation and Judicial approval may mean that the action is unlawful by virtue of Section 6 of the Human Rights Act

¹ The Regulation of Investigatory Powers (Extension of Authorisation Provisions: Legal Consultations) Order 2010 [the 2010 Order] provides that directed surveillance carried out in certain premises (e.g. prisons, law firms, police stations) used for the purpose of legal consultations also amount to intrusive surveillance.

1998 i.e. a failure by the Authority to conduct this work in accordance with human rights conventions. Obtaining authorisation will ensure the Local Authority's actions are carried out in accordance with the law and satisfy the stringent and necessary safeguards against abuse.

4 Grounds of Necessity

The authorisation by itself does not ensure lawfulness, as it is necessary also to demonstrate that the interference was justified as both necessary and proportionate. **The statutory grounds of necessity must apply for the purposes of preventing or detecting crime or of preventing disorder.**

5 Proportionality

5.1 Once a ground for necessity is demonstrated, the person granting the authorisation must also believe that the use of an intelligence source or surveillance is proportionate, to what is aimed to be achieved by the conduct and use of that source or surveillance. This involves balancing the intrusive nature of the investigation or operation and the impact on the target or others who might be affected by it against the need for the information to be used in operational terms. Other less intrusive options should be considered and evaluated. All RIPA investigations or operations are intrusive and should be carefully managed to meet the objective in question and must not be used in an arbitrary or unfair way.

5.2 An application for an authorisation should include an assessment of the risk of any collateral intrusion i.e. the risk of intrusion into the privacy of persons other than those directly targeted by the operation. Measures should be taken wherever practicable to avoid unnecessary intrusion into the lives of those not directly connected with the operation.

6 Confidential Material

Where an investigation may reveal sensitive and confidential material this requires special authorisation by the Chief Executive or his/her delegated Authorising Officer.

7 Implementation Procedure

7.1 Deputy Directors/Heads of Service shall be responsible for seeking authorisation for surveillance. They have operational responsibility for ensuring compliance with the requirements of RIPA and Home Office Codes of Practice (Covert Surveillance/Covert Human Intelligence Services, which can be downloaded from the following link <http://homeoffice.gov.uk/counter-terrorism/>) in relation to covert surveillance and covert human intelligence source for their service.

7.2 All applications for authorisation and authorisations must be made in accordance with the procedure and on the appropriate forms: (download forms from the following link: <http://intranet.oxfordshire.gov.uk/cms/content/ripa-policy-surveillance>)

- RIPA Form 1 – Authorisation Directed Surveillance
- RIPA Form 2 – Review of a Directed Surveillance Authorisation
- RIPA Form 3 – Renewal of a Directed Surveillance Authorisation
- RIPA Form 4 – Cancellation of a Directed Surveillance Authorisation
- RIPA Form 5 – Application for Authorisation of the conduct or use of a Covert Human Intelligence Source (CHIS)
- RIPA Form 6 – Review of a Covert Human Intelligence Source (CHIS) Authorisation
- RIPA Form 7 – Application for renewal of a Covert Human Intelligence Source (CHIS) Authorisation
- RIPA Form 8 – Cancellation of an Authorisation for the use or conduct of a Covert Human Intelligence Source (CHIS)
- RIPA Form 9 – Application request for Communications Data
- RIPA Form 10 – Application for a Judicial Order

- 7.3 All requests for authorisation must be forwarded to the County Solicitor who will maintain a central record for inspection. The County Solicitor will monitor the central register periodically and produce an annual report to CCMT. Renewal of authorisations will be for 3 months and cancellation of authorisations should be requested as soon as possible i.e. as soon as the surveillance is no longer considered necessary. Judicial approval is required for the renewal of an authorisation but it is not required for any internal review or cancellation.
- 7.4 The Authorising Officers may authorise a person to act in their absence, the substitute will be a Senior Manager and who will have overall management responsibility for the operation/investigation. A list of all current named Authorising Officers and named substitutes will be included in the central register and appended to this Policy (Appendix 1). The County Solicitor will approve all proposed Authorising Officers for inclusion in a central register. The annual report to CCMT will also include a review of the appropriate designated Authorising Officers.
- 7.5 All Managers have responsibility for ensuring that they have sufficient understanding to recognise when an investigation or operation falls within the requirements of RIPA. Authorising Officers will keep up to date with developments in the law and best practice relating to RIPA.
- 7.6 Authorising Officers must ensure full compliance with the RIPA Authorisation Procedure set out in the appropriate forms in 7.2 above.
- 7.7 Authorising Officers and Deputy Directors/Heads of Service will co-operate fully with any inspection arranged by the Office of Surveillance Commissioners.
- 7.8 RIPA Coordinator (Trading Standards and Community Safety Manager)

The role of the RIPA coordinator is to have day-to-day oversight of all RIPA authorisations and maintain a central register of all authorisations, review dates, cancellations and renewals.

All forms should be passed through the coordinator to ensure that there is a complete record of all authorisations, contents of the forms will be monitored to ensure they are correctly filled in and the coordinator will supply quarterly statistics to the Senior Responsible Officer (County Solicitor/Monitoring Officer).

The Coordinator will also monitor training requirements and organise training for new staff as appropriate, and ensure continued awareness of RIPA throughout the council via staff information on the Council's Intranet.

8 Communications Data

8.1 Part I of RIPA sets out these requirements. The Council can access certain communications data only "for the purpose of preventing or detecting crime or of preventing disorder". The exception to this is for the Fire Control Officer in an emergency for the purposes of preventing death or injury.

Despite what some commentators claim the Council does not have an automatic legal right to intercept (i.e. "bug") phones or listen into other people's telephone conversations. The primary power the Council has is to obtain certain details (e.g. name and address) of a telephone subscriber from communication service providers (CSP) such as: BT, Vodafone, Orange etc.

Monitoring of calls may be necessary for legitimate employment purposes but will be subject to the same authorisation requirements as set out in this policy.

8.2 The applications to obtain communications data, other than for the prevention of death or injury as in 8.1 above, must be made by a Home Office designated "Single Point of Contact (SPOC)". Arrangements are in place to enable the authority to access communications data via a third party "SPOC". Requests must be forwarded to the Trading Standards and Community Safety Manager who will consult with the relevant Deputy Director/Head of Service. If the Trading Standards and Community Safety Manager agrees the request is within the scope of RIPA he will make arrangements for the request to be processed via the SPOC.

8.3 The concept of the "SPOC" has been agreed between the Home Office and the CSP and introduces a verification process to ensure that only data entitled to be obtained is so obtained. Judicial approval of the application is required and the SPOC will not obtain any communications data without evidence of judicial approval.

9 Briefings

The County Solicitor will provide updates on the RIPA legislation and best practice but Deputy Directors/Heads of Service and other Managers must be able to recognise potential RIPA situations.

10 Conclusion

The benefit of having a clear and regulated system of authorising all covert activities is self-evident. Surveillance by its very nature is intrusive and therefore should be subject to appropriate scrutiny at the highest level and the authorisation procedure requires that the reasons for the decision are specifically and clearly set out and the basis for the decision is readily accessible and understood. Completion of appropriate authorisations also means that in reaching a decision alternative options will also have been fully explored. Proper compliance with the procedure and properly recorded authorisations are the best defence should any of our investigations be challenged.

11 Review of Authorisations and Policy

The Council's "Audit and Governance Committee" will review:

- all authorised RIPA applications quarterly; and
- receive an annual report from the County Solicitor on the operation of the Policy; and
- review the policy annually to ensure it remains compliant with current legislation, relevant codes of practice and continue to meet the responsibilities of the council.

Senior Responsible Officer: County Solicitor and Monitoring Officer

RIPA Coordinator: Trading Standards and Community Safety Manager

Date: August 2013

Next Review Date: August 2014

Appendix 1 – Authorising Officers and Named Substitutes

*Authorising Officer – Peter G Clark County Solicitor and Monitoring Officer

*Named Substitute – Lorna Baxter S151 Officer

Authorising Officer – Richard Webb, Trading Standards and Community Safety Manager

**Confidential Material Special Authorisation – Joanna Simons Chief Executive

**Named Substitute – Lorna Baxter S151 Officer

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Breach Policy

Purpose

The Regulation of Investigatory Powers Act 2000 (RIPA) regulates the use of covert surveillance activities by Local Authorities. Special authorisation arrangements need to be put in place whenever the Local Authority considers commencing a covert surveillance or obtaining information by the use of informants or officers acting in an undercover capacity.

The purpose of this policy is to set out what action will be taken in the light of any breaches of RIPA, in order to ensure compliance with our legal and internal requirements, for good governance. This policy must be read in conjunction with the Council's RIPA policy and guidance.

Compliance with RIPA is monitored by the Office of Surveillance Commissioners, and could intensify where the Council fails to ensure good governance and remain compliant with RIPA legislation.

Local Authorities do operate covert activities in a number of key areas. Activities can include covert surveillance in relation to Internal Audit and Human Resources where fraud, deception or gross misconduct by staff might be suspected. The legal requirements are now supplemented by codes of practice issued by the Home Office for certain surveillance activities, (covert surveillance activity and covert human intelligence sources) breaches of which can be cited in Court as evidence of failure to abide by the requirements of RIPA. This may mean that the evidence obtained by that surveillance is excluded.

Who does this policy apply to?

This policy applies to all officers of the Council who carry out surveillance, on behalf of the Council. Failure to comply with RIPA puts the Council at risk of legal challenge for breach of legislation.

Who reports breaches/potential breaches¹?

Everyone is entitled to raise concerns about whether there has been a breach of the RIPA. The County Solicitor or the Trading Standards & Community Safety Manager, must authorise and monitor all RIPA requests, and may highlight possible breaches of RIPA as a result of carrying out this monitoring and request further information from directorates to establish whether a breach has or may occur.

¹ Reference is made to potential breaches because it will remain to be assessed whether an actual breach has taken place.

Who should breaches/potential breaches be reported to?

In the first instance, potential breaches must be reported to the Trading Standards & Community Safety Manager, who will assess, in conjunction with County Solicitor where relevant, whether there has been a breach and, if so, the severity of the breach.

Where a breach is identified, this must be reported by the relevant service manager to their Director, for further investigation, in conjunction with advice from the County Solicitor.

In all cases where an officer is in doubt whether an action might be in contravention of the RIP Act, advice should be sought from the Trading Standards and Community Safety Manager or Legal Services.

What will the Director do?

If after investigation, the Director believes that a breach may have occurred or gives rise to illegality or maladministration, by the taking of any appropriate steps or measures, will:

- remedy the breach if possible;
- take action to prevent further breaches;
- report to County Solicitor on action taken.

Any disputes as to the action which should be taken will be referred to the County Solicitor whose decision will be final.

Responsible Officers: County Solicitor/Monitoring Officer
Trading Standards & Community Safety Manager

Date: May 2014

Review Date: May 2016



Background Information

The Regulation of Investigatory Powers Act (RIPA) provides a framework for the use of covert investigatory techniques by public authorities. It does not provide any powers to carry out covert activities but regulates the use of these techniques so that they are compatible with human rights legislation.

Covert surveillance carried out by the council must be **authorised, necessary and proportional**. The only exception to this being where the surveillance is carried out by way of an immediate response to events, which were unforeseeable and impractical to obtain prior authorisation.

Surveillance:

- includes monitoring, observing or listening to persons, their movements, conversations or other activities;
- Is only covert if it is carried out in a manner that ensures that any persons who are the subject to the surveillance are unaware that it is taking place;
- May either be – Intrusive, Directed or Covert Human Intelligence Source (CHIS).

Intrusive Surveillance is a covert activity carried out in a residential place or a private vehicle by a person or a surveillance device being present in the premises or vehicle. Local authorities are not allowed to use this type of surveillance.

Directed Surveillance is a covert activity that is not intrusive, but carried out in support of a specific operation or investigation, likely to result in obtaining private information about any person.

Covert Human Intelligence Source is an undercover operation whereby an informant or undercover officer establishes or maintains some sort of relationship with the persons in order to obtain private information.

Private information includes any information relating to a person's private or family life. Generally taken to include; any aspect of a person's private or personal relationships with others, including family and professional or business relationships: personal data, names, telephone numbers and address details.

Compliance

To ensure compliance with RIPA the council has developed a policy and associated forms that can be downloaded from the following link: [RIPA Policy and Forms](#)

Covert surveillance which is directed surveillance will only fall within the scope of RIPA when the crime the activity will 'prevent or detect' meets the 'serious crime' threshold. These are criminal offences which attract a maximum custodial

sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco.

The Policy

The council's policy provides the procedures on which it may authorise the use of surveillance for a range of activities relating to the detection of: abuse, fraud, theft and other criminal offences. Legislation regulates the use of covert activities by Local Authorities. The Home Office also issue Codes of Practice that need to be followed.

Process for obtaining covert surveillance

All requests for covert surveillance must be submitted (using only the prescribed forms) supported by the relevant Deputy Director/Head of service to the County Solicitor for authorisation to proceed (Trading Standards have their own procedures and authorisation process).

The County Solicitor will check to make sure the surveillance is, necessary and has a proportionate response to the purpose of the operation or investigation. The County Solicitor also maintains a central register of all authorisations.

Once approved internally an application must be made for Judicial Approval before the activity concerned can commence. Legal Services (or the Trading Standards Service Manager for Trading Standards authorisations) will provide advice on this part of the process.

Communications data

Communications data is the 'who', 'where' and 'when' (such as details of telephone subscribers from BT etc.), but not the 'what' (i.e. the content of what was said or written).

Communications data can be obtained "for the purpose of preventing crime or preventing disorder". For advice and guidance contact the Service Manager, Trading Standards, who will make the necessary arrangements through a Home Office authorised 'Single Point of Contact' (SPOC) for the authority to proceed.

Failure to comply

Evidence obtained during an unauthorised operation or investigation may be excluded in court and it may be a breach of the Human Rights Act 1998.

Some examples of surveillance requiring authorisation

1. Officers of the council wish to drive past a garage for the purposes of obtaining a photograph of the exterior. Reconnaissance of this nature is not likely to require a directed surveillance authorisation as no private information about any person is likely to be obtained or recorded. However, if the authority wished to conduct a similar exercise, for example to establish a

pattern of occupancy of the premises by any person, the accumulation of information is likely to result in the obtaining of private information about that person and a directed surveillance authorisation should be considered.

2. A surveillance officer intends to record a specific person providing their name and telephone number to a shop assistant, in order to confirm their identity, as part of a criminal investigation. Although the person has disclosed these details in a public place, there is nevertheless a reasonable expectation that the details are not being recorded separately for another purpose. A directed surveillance authorisation should therefore be sought.
3. An observation post outside residential premises which provides a limited view compared to that which would be achievable from within the premises does not constitute intrusive surveillance. However, the use of a zoom lens, for example, which consistently achieves imagery of the same quality as that which would be visible from within the premises, would constitute intrusive surveillance (which local authorities cannot undertake).
4. Council officers attend a car boot sale where it is suspected that counterfeit goods are being sold, but they are not carrying out surveillance of particular individuals and their intention is, through reactive policing, to identify and tackle offenders. Again this is part of the general duties of public authorities and the obtaining of private information is unlikely. A directed surveillance authorisation need not be sought.
5. Intelligence suggests that a local shopkeeper is openly selling alcohol to underage customers, without any questions being asked. A trained employee or person engaged by the council is deployed to act as a juvenile in order to make a purchase of alcohol. In these circumstances any relationship, if established at all, is likely to be so limited in regards to the requirements of the Act, that a public authority may conclude that a CHIS or a directed surveillance authorisation is unnecessary. However, if the test purchaser is wearing recording equipment but is not authorised as a CHIS, consideration should be given to granting a directed surveillance authorisation.
6. Surveillance officers intend to follow and observe Z (who is a convicted child sex offender). This is part of a covert pre-planned operation to determine whether he has remained in contact with a particularly vulnerable family. It is proposed to conduct covert surveillance of Z and record their activities as part of the investigation. In this case, private life considerations are likely to arise and the covert surveillance is pre-planned and not part of general observational duties or reactive policing. A directed surveillance authorisation should be sought.

Further assistance and guidance can be obtained by contacting the County Solicitor or the Trading Standards and Community Safety Manager.

External links:

[Home Office – RIPA and Codes of Practice](#)

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Division(s):

AUDIT & GOVERNANCE COMMITTEE – 17 SEPTEMBER 2014

OFFICE OF SURVEILLANCE COMMISSIONERS – INSPECTION REPORT

Report by the Monitoring Officer

Introduction

1. The Regulation of Investigatory Powers Act 2000 ('the Act') regulates the use of covert activities by Local Authorities. It creates the statutory framework by which covert surveillance activities may be lawfully undertaken. Special authorisation arrangements need to be put in place whenever a Local Authority considers commencing covert surveillance or considers obtaining information by the use of informants or officers acting in an undercover capacity.
2. As part of the inspection regime, the Office of Surveillance Commissioners carry out inspections from time to time to examine an authority's policies, procedures, operations and administration.
3. On 29 May 2014, a Surveillance Inspector visited the County Council to inspect the processes of the Council and the Oxfordshire Fire and Rescue Service. This report summarises the findings of the Surveillance Inspector's investigation and invites the Committee to raise any questions or comments.
4. A copy of the Inspector's report is included as Annex 1 to this committee report. The outcome was positive with the Inspector expressing no issues of concern and making only one procedural recommendation, which has been accepted.

Key aspects of the review

5. The inspection looked at three previous recommendations to see if these had complied with. In each case, the Inspector was satisfied that they had been. These related to the previous recommendations to:
 - Dispense with the appendix to the Council's policy which had previously given examples of RIPA usage
 - Establish a centrally retrievable record of RIPA authorisations
 - Use only the latest versions of the RIPA forms in all future applications
6. As to the Council's policies and procedures, the Inspector was pleased that these properly reflected changes in the light of the Protection of Freedoms Act 2012. He considered the policy to be "comprehensive and easy to understand and gives guidance to both applicants and authorising officers". In particular,

the Inspector was impressed by “the unusual and innovative step of producing a briefing note for the local magistracy that outlines the roles and responsibilities of both the local authority and the judiciary”.

7. In summary, the letter from the Commissioner commented that:

“I am pleased the recommendations...three years ago have been discharged. I note that in the single authorisation by the Fire and Rescue Service since 2011 the issues were cogently addressed. Good practice is recognised by your innovative use of an IT based central record, production of a briefing document and joint training for magistrates and publication on the Council website completed, suitably redacted, applications and authorisations.”

8. He concluded that: “ Your Council and the Fire and Rescue Service have a sound RIPA structure and policies and the Council has a positive approach to ensuring that legislative compliance and transparency in relation to covert activity”.

Conclusion

9. The Commissioner has confirmed that the Council’s policies and practices with regard to covert activity are sound and up to date. I am pleased that the Council’s positive approach to ensuring such proactive compliance has been validated. As such, I feel the Committee, and the public, can be assured that the Council’s policies and practices are proportionate, practical and compliant.

RECOMMENDATIONS

The Committee is RECOMMENDED to consider and note the report.

P G CLARK
Monitoring Officer & County Solicitor

Background Papers: Nil

Contact Officer: P G Clark Tel: (01865) 323907

September 2014



Chief
Surveillance
Commissioner

26th June 2014

Official-Sensitive

Dear M/s Simons,

Covert Surveillance

On 29 May 2014, one of my Surveillance Inspectors, Mr Kevin Davis, visited your Council on my behalf to review your management of covert activities. I am grateful to you for the facilities afforded for the inspection.

I enclose a copy of Mr Davis's report which I endorse. I am pleased to see that the recommendations made following Sir David Clarke's inspection 3 years ago have been discharged. I note that in the single authorisation by the Fire & Rescue Service since 2011 the issues were cogently addressed. Good practice is recognised in your innovative use of an IT based Central Record, production of a briefing document and joint training for magistrates and publication on the Council website of completed, suitably redacted, applications and authorisations. Your Council and the Fire & Rescue Service have a sound RIPA structure and policies and the Council has a positive approach to ensuring legislative compliance and transparency in relation to covert activity.

The single recommendation is that OSC Guidance para 105 in relation to cancellation of authorisations be complied with..

I shall be glad to learn that your Council accepts the recommendation and will see that it is implemented.

One of the main functions of review is to enable public authorities to improve their understanding and conduct of covert activities. I hope your Council finds this process constructive.

Please let this Office know if it can help at any time.

*Yours sincerely,
Christopher Rose*

M/s Joanna Simons CBE
Chief Executive
Oxfordshire County Council
County Hall
New Road
Oxford
OX1 1ND

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Office of Surveillance
Commissioners

OFFICE OF SURVEILLANCE COMMISSIONERS

INSPECTION REPORT

Oxfordshire County Council & Oxfordshire Fire and Rescue Service

29th May 2014

**Surveillance Inspector:
Mr Kevin Davis.**

OFFICIAL- SENSITIVE

DISCLAIMER

This report contains the observations and recommendations identified by an individual surveillance inspector, or team of surveillance inspectors, during an inspection of the specified public authority conducted on behalf of the Chief Surveillance Commissioner.

The inspection was limited by time and could only sample a small proportion of covert activity in order to make a subjective assessment of compliance. Failure to raise issues in this report should not automatically be construed as endorsement of the unreported practices.

The advice and guidance provided by the inspector(s) during the inspection could only reflect the inspectors' subjective opinion and does not constitute an endorsed judicial interpretation of the legislation. Fundamental changes to practices or procedures should not be implemented unless and until the recommendations in this report are endorsed by the Chief Surveillance Commissioner.

The report is sent only to the recipient of the Chief Surveillance Commissioner's letter (normally the Chief Officer of the authority inspected). Copies of the report, or extracts of it, may be distributed at the recipient's discretion but the version received under the covering letter should remain intact as the master version.

The Office of Surveillance Commissioners is not a public body listed under the Freedom of Information Act 2000, however, requests for the disclosure of the report, or any part of it, or any distribution of the report beyond the recipients own authority is permissible at the discretion of the Chief Officer of the relevant public authority without the permission of the Chief Surveillance Commissioner. Any references to the report, or extracts from it, must be placed in the correct context.

OFFICIAL – SENSITIVE

OSC INSP/075

The Rt. Hon. Sir Christopher Rose
Chief Surveillance Commissioner
PO Box 29105
London SW1V 1ZU

10 June 2014.

**OSC INSPECTION REPORT– OXFORDSHIRE COUNTY COUNCIL &
OXFORDSHIRE FIRE AND RESCUE SERVICE**

The inspection took place on Thursday 29 May 2014.

Inspector

Mr Kevin Davis.

General Description

- 1 Oxfordshire County Council, established in 1889, is the county council, or upper tier local authority, for the non metropolitan county of Oxfordshire in the South East of England, an elected body responsible for most strategic local government services in the county. The Council employs approximately 9000 personnel (excluding schools).
- 2 The Chief Executive leads a Senior Management Team that comprises four Directors for the following:
 - Environment and Economy
 - Children, Education and Families
 - Social and Community Services
 - Public Health.
- 3 The Chief Executive is Ms Joanna Simons CBE. The address for correspondence is Oxfordshire County Council, County Hall, New Road, Oxford, OX1 1ND.
- 4 The Oxfordshire Fire and Rescue Service is a service provided by the Council. The Chief Fire Officer is Mr David Etheridge.

Inspection Approach

- 5 The purpose of the inspection was to examine policies, procedures, operations and administration in relation to directed surveillance and covert human intelligence sources (CHIS) under the Regulation of Investigatory Powers Act 2000 (RIPA).

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6 During the inspection I had discussions with the following members of staff:

- Mr Peter G Clarke (County Solicitor and Head of Law and Governance)
- Mr Bill Stewart (Legal Practice Officer)
- Mr Richard Webb (Trading Standards and Community Safety Manager)
- Ms Davina Walkin (Trading Standards Team Leader)
- Ms Anna Humphrey (Trading Standards Officer)
- Ms Phillipa Green (Trading Standards Officer)
- Mr Steve Dunn (OFRS).

Review of Progress

7 Sir David Clarke, in the report of his inspection in May 2011 made three recommendations:

- 1) *That Appendix 1 of the Policy document, giving examples of RIPA usage, be dispensed with.*

Action

The Policy document has been amended.

Discharged

- 2) *That a centrally retrievable record of RIPA authorisations be established and maintained, containing the information specified in paragraph 8.1 of the Covert Surveillance Code of Practice.*

Action

The Central Record of Authorisation is now compliant with the Code of Practice (see paragraph 13 of this report).

Discharged

- 3) *That only the latest versions of the RIPA forms be used in all future applications and authorisations, care being taken to specify correct expiration dates.*

Action

This recommendation has been complied with.

Policies and procedures

8 Mr Peter G Clarke, who is the County Solicitor and Head of Law and Governance, is the Senior Responsible Officer (SRO) and Mr Richard Webb has day to day responsibility for

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the administration of RIPA. Both Mr Clarke and Mr Webb act as authorising officers, along with the Chief Executive. In interview it was evident that Mr Clarke and Mr Webb were very knowledgeable with regard to the legislation and keen to ensure compliance. Mr Clarke is responsible for producing the annual report to elected members in accordance with paragraph 3.30 of the Covert Surveillance and Property Interference Code of Practice. The report is presented to the Audit and Governance committee of the Council. In addition a redacted version of this report and any RIPA authorisations are published on the Council website and are available for public scrutiny.

- 9 The RIPA policy document has been revised since the last inspection to encompass the changes in light of The Protection of Freedoms Act 2012. The document is comprehensive and easy to understand and gives guidance to both applicants and authorising officers. The Council took the unusual and innovative step of producing a briefing note for the local magistracy that outlines the roles and responsibilities of both the local authority and the judiciary.

Oxfordshire Fire and Rescue Service (OFRS)

- 10 OFRS is scheduled in Statutory Instrument 2010/521 as a public authority with RIPA powers and should theoretically should have and maintain a RIPA policy and structure, but the reality is that it is not a free standing public authority and is part of OCC. The majority of the work of the OFRS is overt and focused upon the core responsibilities of dealing with fire and rescue. The OFRS has however used RIPA powers on one occasion since the last inspection (see paragraph 20 of this report).

Training

- 11 Refresher training is undertaken within the Council by Mr Webb on an *ad hoc* basis. In addition any new employees to the Council receive RIPA awareness training as part of their induction. All Trading Standards officers have mandatory RIPA training as part of their professional development.

Significant issues

Council ethos

- 12 The Council is not a regular user of the powers vested under RIPA, preferring to secure compliance through education and raising awareness, but will utilise covert investigative techniques when necessary; historically the majority of applications and authorisations have emanated from Oxfordshire County Council Trading Standards.

Central Record of Authorisations

- 13 The Central Record of Authorisations is managed on an IT database by Mr Webb and is linked to all applications/authorisations. The system devised within the Council allows investigators to submit applications securely to any of the authorising officers who are able to complete an authorisation, sign electronically, and 'lock down' the document in a form that cannot be altered. This innovative system also creates an audit trail of all email traffic between applicants and authorising officers.

Directed surveillance

- 14 Since the last inspection the Council has authorised directed surveillance on 28 occasions, a significant reduction from the figure of 69 reported by Sir David Clarke in 2011. Since the enactment of The Protection of Freedoms Act in 2012 there have only been twelve authorisations. A view was expressed that the Better Delivery Regulatory Office (BDRO) Code of Practice, published in January 2013, discourages covert activity and makes more restrictive the use of test purchase operations.
- 15 The BDRO guidance states the following:

'Where an enforcing authority is considering conducting a test purchase exercise, consisting of one or more test purchase attempts, it should consider the statutory requirements for authorisation under the Regulation of Investigatory Powers 2000, as amended. It is unlikely that authorisations under RIPA for covert methods will be considered proportionate without demonstration that overt methods have been attempted and failed'.
- 16 The Council has taken the view that the inclusion of the above paragraph in the Code bars local authorities from conducting test purchase operations in relation to the sale of age restricted products unless 'overt methods' have been attempted and failed. Their assumption is that if the Council did authorise activity and seek judicial approval from a magistrate without first having attempted 'overt methods', they would be doing so in breach of a legal code of practice, a course no magistrate would be likely to countenance, and that even if a magistrate did approve it, the covert activity would be likely to be ruled unlawful if subjected to a legal challenge.
- 17 I examined seven applications and make the following observations. The applications were of a good standard with comprehensive intelligence pictures contained within. The issues of proportionality and necessity were argued cogently. I was pleased to note that in a number of cases detailed attention had been paid to the management of collateral intrusion.
- 18 The authorisations were of a good standard and there was adherence to the advice contained in OSC guidance note 117 i.e. who, what, where, why, when and how.
- 19 Two of the applications/authorisations were for test purchase operations. I particularly liked the use of a tabular schedule of the premises subject to surveillance attached to the application. The schedule contained references to intelligence logs relevant to each of the premises.
- 20 URN 2013/2 was an investigation into the theft of property from an OFRS fire station. The application was detailed and catalogued the circumstances surrounding a number of criminal offences. This was accompanied by a detailed intelligence picture and the operational objectives. The issues of proportionality and necessity were expressed cogently.

- 21 The application was supported by the Assistant Chief Fire Officer who provided an assurance that resources would be dedicated to the investigation. The application was accompanied by a technical feasibility study for the benefit of the authorising officer that described the proposed positioning of four cameras and a plan to minimise collateral intrusion. This was particularly relevant having regard to the presence of other employees at the premises who were not suspected of any wrongdoing.
- 22 The authorisation was of a high standard and the covert activity resulted in subsequent criminal proceedings against an OFRS employee.
- 23 Reviews were detailed and submitted to the authorising officer on a regular basis.
- 24 Though the authorisation was cancelled promptly as soon as the covert activity was no longer required, the cancellation was scant and did not comply with the OSC guidance note 145 which states the following:

'Although paragraph 5.18 of the Covert Surveillance and Property Interference Code of Practice is correct in saying that there is no requirement for any further details to be recorded when cancelling a directed surveillance authorisation, the Commissioners considered that it would be sensible to complete the authorisation process in a form similar to other parts of the authorisation where relevant details can be retained together. When cancelling an authorisation, the authorising officer should:

- *Record the date and times (if at all) that surveillance took place and the order to cease the activity was made.*
 - *The reason for cancellation.*
 - *Ensure that surveillance equipment has been removed and returned.*
 - *Provide directions for the management of the product.*
 - *Ensure that detail of property interfered with, or persons subjected to surveillance, since the last review or renewal is properly recorded.*
 - *Record the value of the surveillance or interference (i.e. whether the objectives as set in the authorisation were met).'*
- 25 The failure to comply with the OSC guidance note 145 was also evident in a number of other cancellation documents.

CHIS

- 26 CHIS have been authorised on three occasions since the last inspection. I examined two of the applications and authorisations and make the following comments. Both of the deployments were for Trading Standards officers. The first operation related to items being

sold on E Bay that were suspected of being counterfeit and the second related to the sale of cars with false documentation.

- 27 The applications were of a good standard with detailed intelligence pictures contained within. All of the intelligence logs had the appropriate provenance. The risk assessments were comprehensive and had been completed with additional information supplied by Thames Valley Police.
- 28 The roles as described in section 29(5)(a) and 29(5)(b) of RIPA i.e. handler and controller respectively, were detailed and the names of the officers fulfilling these roles were shown.
- 29 The 'use and conduct' of the CHIS was documented to a good standard.
- 30 I was pleased to note that in the event of compromise that in both applications/authorisations there were clearly set out 'exit strategies' for the CHIS.

Focus group

- 31 I interviewed a focus group of Trading Standards investigators. All were experienced and had a good level of knowledge through practical application and training within Trading Standards. All interviewees were keen to ensure compliance and were familiar with the OSC guidance document and in particular note 308 in relation to the use of social media for investigative purposes.

Good practice

- 32 a) Innovative use of an IT based Central Record of Authorisation.
b) The production of a briefing document for the magistracy along with joint training.
c) Publication of completed (redacted) RIPA applications/authorisations on the Council website.

Observations

- 33 The Oxfordshire County Council and the Fire and Rescue Service have a sound RIPA structure and policies. The Council has a positive approach to ensuring compliance and also being transparent with members of the public as to its use of covert activity.
- 34 Finally, I would to thank all of those who participated so positively in the inspection process, and in particular Mr Stewart for making all the necessary arrangements.

Recommendation

- 35 That the Council ensures compliance with OSC guidance note 145 in relation to the cancellation of authorisations.

Kevin Davis

Surveillance Inspector

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