



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

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

Wednesday, 20 April 2016 at 1.00 pm

Room 2&3 - County Hall, New Road, Oxford

A handwritten signature in black ink that reads "Peter G. Clark".

Peter G. Clark
Head of Paid Service

April 2016

Contact Officers: *Deborah Miller, Tel: (01865) 815384; E-Mail:
deborah.miller@oxfordshire.gov.uk*

Membership

Chairman – Councillor David Wilmshurst
Deputy Chairman - Councillor Sandy Lovatt

Councillors

David Bartholomew
Yvonne Constance OBE
Tim Hallchurch MBE

Jenny Hannaby
Nick Hards
Roz Smith

John Tanner

Co-optee

Dr Geoff Jones

Notes:

- **Date of next meeting: 13 July 2016**
 - **Members are asked to note that the meeting starts at 1.00 pm.**

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 - 12)

To approve the minutes of the meeting held on 24 February 2016 (**AG3**) and to receive information arising from them.

4. Petitions and Public Address

5. Internal Audit Services - Internal Audit Strategy & Annual Plan (Pages 13 - 50)

1.10 pm

Report by the Chief Internal Auditor (**AG5**).

This report presents the Internal Audit progress report for 2015/16 and the Internal Audit Strategy for 2016/17 including the first quarter's plan.

The Committee is RECOMMENDED to:

- (a) *note the progress with the 15/16 Audit Plan, 15/16 Compliance Plan, 15/16 Counter Fraud Plan and the outcome of the completed audits;*
- (b) *approve the interim Internal Audit Strategy for 2016/17 and the Q1 Plan; and*
- (c) *agree the 2016/17 performance indicators.*

6. Review of Effectiveness of Internal Audit (Pages 51 - 58)

1.30 pm

Report by the Monitoring Officer (**AG6**).

Each year the Monitoring Officer undertakes a survey of senior managers about the effectiveness of Internal Audit at Oxfordshire County Council. There is no longer a statutory requirement for a formal annual review of the effectiveness of Internal Audit, however this Committee last year agreed that the Monitoring Officer should continue to undertake this survey and report its outcomes to the Committee.

This report summarises the responses to the survey. In short, the survey of the extended County Council Management Team reveals a positive picture of the

effectiveness of Internal Audit during the year 2015/16.

The Committee is RECOMMENDED to note and comment upon the report.

7. Progress Report on the Actions in the 2014/15 Annual Governance Statement (Pages 59 - 66)

1.50 pm

Report by the Chief Legal Officer and Monitoring Officer (**AG7**)

Audit & Governance Committee approved the Annual Governance Statement (AGS) for 2014/15 in July 2015. This included six actions to be followed up by the relevant corporate lead and/or directorates in 2015/16. This is the final progress report on the actions and will be reflected in the 2015/16 Annual Governance Statement.

The Audit & Governance Committee is RECOMMENDED to note the progress on the actions.

8. Annual Monitoring Officer Report (Pages 67 - 76)

2.10 pm

Report by the Monitoring Officer (**AG8**)

The Audit and Governance Committee is responsible for promoting standards of conduct for elected councillors and co-opted members and for ensuring the integrity of the democratic decision-making process. Consequently, the Monitoring Officer reports annually to this Committee on relevant actions and issues that have occurred in the previous year. This report therefore summarises certain activities for the year 2015/16.

The Committee is RECOMMENDED to consider and endorse the report.

9. Code of Corporate Governance (Pages 77 - 122)

2.30 pm

Report by the County Solicitor & Monitoring Officer (**AG9**).

The Audit & Governance Committee has within its Terms of Reference responsibility for governance. The views of the Committee are therefore sought on the Code of Corporate Governance a copy of which is included as an Annex to this report.

The Committee is RECOMMENDED to:

(a) *comment upon the Code;*

(b) *subject to any amendments agreed at the meeting, amend and update the Code of Corporate Governance for Oxfordshire County Council;*

(c) ***agree that the Code continues to be reviewed every two years.***

10. SCS LEAN and IT System update

2.50 pm

Kate Terroni, Deputy Director Joint Commissioning will attend to give a brief presentation to the Committee.

The presentation will update the Committee on the Adult Social Care IT Project which went live in November 2015.

The Committee is RECOMMENDED to receive the presentation.

11. Hampshire Update

3.10 pm

At its last meeting the Audit & Governance Committee received a presentation which provided an overview of the first six months operation of the shared service arrangement between Hampshire and Oxfordshire County Council, from July to the end of December 2015. Following the presentation the Committee requested to receive a presentation on Aged Debt and duplicate payments .The Assistant Chief Finance Officer (Assurance) will give a presentation on these issues.

12. External Auditors Progress Report (Pages 123 - 154)

3.30

A representative from the external auditors, Ernst & Young will attend to present the following two reports:

- Local Government Audit Committee Briefing
- Audit Plan

The Committee is RECOMMENDED to note the reports.

13. Scrutiny Committees Annual Report (Pages 155 - 180)

3.50 pm

The Committee is asked to consider the report prior to full Council in May.

14. Report from the Audit Working Group (Pages 181 - 182)

4.10 pm

Report by the Chief Internal Auditor (**AG14**).

The report summarises the matters arising from the most recent meeting of the Audit Working Group (**AWG**).

The Committee is RECOMMENDED to note the report.

15. Audit & Governance Committee Work Programme (Pages 183 - 184)

4.30 pm

To review the Committee's Work Programme (**AG15**).

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Thursday 14 April 2016 at 2.00 pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

Agenda Item 3

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 24 February 2016 commencing at 2.00 pm and finishing at 4.55 pm.

Present:

Voting Members: Councillor Sandy Lovatt – in the Chair

Councillor David Bartholomew
Councillor Yvonne Constance OBE
Councillor Tim Hallchurch MBE
Councillor Jenny Hannaby
Councillor Nick Hards
Councillor Roz Smith
Councillor John Tanner
Councillor Patrick Greene (In place of Councillor David Wilmshurst)

Non-Voting Members: Dr Geoff Jones

By Invitation: Paul King and Alan Witty (Ernst & Young)

Officers:

Whole of meeting Ian Dyson, Chief Internal Auditor, Lorna Baxter, Chief Finance Officer and Deborah Miller, Principal Committee Officer.

Part of meeting

Agenda Item	Officer Attending
5	Stephanie Skivington (Finance)
6	Kathy Wilcox (Finance)
8	Kate Terroni (Deputy Director for Joint Commissioning)
12	Glenn Watson (Law & Culture)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with a schedule of addenda tabled at the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports and schedule, copies of which are attached to the signed Minutes.

9/16 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

The Committee received the following apologies for absence and temporary appointments:

Apology	Substitution
Councillor David Wilmshurst	Councillor Patrick Greene
Mr Nick Graham	

10/16 MINUTES

(Agenda No. 3)

The minutes of the meeting were approved and signed subject to deleting the text ...”members felt that this” from the penultimate paragraph of Minute 6/16.

11/16 IMPLICATIONS OF THE ACCOUNT AND AUDIT REGULATIONS 2015

(Agenda No. 5)

The Committee had before them a report (AG5) which set out the requirements of the 2015 Accounts and Audit Regulations in relation to internal control, the exercise of public rights in relation to the accounts and rules for the preparation, approval and publication of the statement of accounts. The 2015 Regulations had come into force on 1 April 2015 for financial years starting on or after that date. The report highlighted changes compared to the previous 2011 Regulations and the implications for the Council.

Stephanie Skivington in introducing the report explained that the 2015 Regulations made clearer the requirement to maintain a sound system of internal control, broader than just in relation to financial control, with increased emphasis on risk management and corporate governance. It also clarified that the scope of internal audit covers these areas, in line with proper practice.

As previously highlighted to the Committee, the 2015 Regulations explicitly named proper practice for internal audit as the Public Sector Internal Auditing Standards and removed the requirement for an annual review of the effectiveness of the authority’s internal audit function.

The 2015 Regulations further imposed a new requirement to prepare a narrative statement to be published alongside the statement of accounts and annual governance statement each year, to include comment on the authority’s financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.

The deadlines for preparing the statement of accounts and its publication were brought forward by the 2015 Regulations. The revised deadlines would take effect for the 2017/18 accounts, with transitory provisions allowing for the completion of the 2015/16 and 2016/17 accounts within existing deadlines.

In previous years the draft statement of accounts was presented to the Committee for information ahead of the public inspection period; however this was not a requirement of the 2011 Accounts and Audit Regulations. Given the new requirements set out above, it would not be possible to present the draft accounts to a meeting of the Committee before the public inspection period commences. In view of this the Committee was asked to agree to no longer receiving the draft accounts. The Committee would still receive the statement of accounts to approve in September (or earlier in accordance with the revised timetable) following the audit and Committee members would be able to access the draft statement of accounts on the website once they had been published and raise any queries with officers.

Similarly, the timing of the Committee receiving the annual governance statement (AGS) would need to change as a result of the requirement to publish it alongside the draft statement of accounts prior to the start of the public inspection period. For 2015/16 a draft of the AGS would be considered by the Audit Working Group on 26 May 2016 and any changes would be incorporated into the published version. The Audit & Governance Committee would not receive the draft version before it was published, however would consider and approve the final version in September. In view of this the Committee was asked to agree to no longer receiving the AGS in July. The Committee would receive some of the key independent reports that inform the AGS at its meeting in April, such as the Annual Report of the Monitoring Officer and the Fire & Rescue Service Statement of Assurance. A final draft of the Annual Report of the Chief Internal Auditor will be available for the Audit Working Group meeting in May and would be reported to the Committee in July.

Councillor Bartholomew expressed concern that members of the public would assume that the accounts had been seen by the Audit Committee. Ms Skivington replied that there would be a statement on the website stating that the accounts were draft and subject to Audit.

Mr Dyson added that the Annual Government Statement would go through the audit Working Group and that could also be made clear when published.

RESOLVED: to

- (a) note the report;
- (b) agree that the draft statement of accounts will no longer be presented to the Committee for information;
- (c) note that the draft Annual Governance Statement will be considered by the Audit Working Group before publication;
- (d) agree that the Annual Governance Statement should only be presented once to the Committee, in its final draft for approval in September.

12/16 ANNUAL GOVERNANCE STATEMENT 2014/15 - ACTION PLAN PROGRESS (QUARTER 3)
(Agenda No. 6)

Audit & Governance Committee had approved the Annual Governance Statement (AGS) for 2014/15 in July 2015. This included six actions to be followed up by the relevant corporate lead and/or directorates in 2015/16. The Committee had before

them a report (AG6) which considered whether the 6 Actions had been completed or whether more work would be needed on them in 2015/16.

Kathy Wilcox, in introducing the report highlighted the Action against each of the six actions as set out in Annex 1 to the report. She confirmed that as at the end of December, progress had been made on all of the actions. Some of the actions were now complete or would continue to be monitored as part of business as usual. Where actions were on-going consideration would need to be given to including those as actions in the 2015/16 Annual Governance Statement along with other changes which would impact on governance in 2016/17.

Action 1, Data Quality was on-going from the two stage plan set out to Audit & Governance Committee in November. A formal project was being created for data quality improvement and the main work would commence from April 2016. Further information was being sought from suppliers of priority 1 systems about mechanisms for ensuring data quality.

Action 2, the Commercial Services Board terms of reference and governance arrangements had been reviewed and revised terms of reference and responsibilities were being rolled out. A business case training programme had commenced this week and the implementation of a contract management system was also being progressed.

Action 3, Business Continuity – this needed to continue to be monitored in light of changes to services but there was increased awareness of the importance of business continuity across the organisation. Directorate level business continuity exercises were continuing.

She further reported that an update on Action 4, the externalisation of Human Resources and Finance Services was covered in item 9 later on the agenda. The update on Action 5 set out that the corporate risk register had been reviewed by CCMT and updated accordingly. AWG considered the risk register on 4 February 2016. Action 6 related to Supported Transport for Children. Progress continued and the project will continue in 2016/17. A final update on the six actions would be provided to Audit & Governance Committee on 20 April 2016 and reflected in the 2015/16 Annual Governance Statement.

In relation to Action 2 (Commercial Services Board) Dr Jones expressed concern that although the Board had now been in place for years, he remained unconvinced that the Board was progressing as quickly as it should.

Lorna Baxter explained that the board had not been properly embedded due to lack of engagement and support. The Board's terms of reference and governance arrangements had now been reviewed and revised terms and responsibilities were being rolled out, including a new Gateway Review Panel.

A new Contract Management System had now been approved by CCMT. Contract Management training was also due to take place, with over 100 people having been identified for training.

Mr Dyson added that the Audit Working Group was due to receive a presentation on the Commercial Services Board and that he believed the Committee would benefit from the same.

In response to questions surrounding who would be trained, Mr Dyson confirmed that representatives from all directorates would be trained, together with senior officers.

The Committee then had a discussion around Action 3 (Business Continuity) and the recent ICT outages and the resulting effect on business continuity. Members expressed concerns that there had been two major outages in recent months and questioned why this had happened twice, whether business continuity plans had kicked in and raised concerns over security and 'the cloud'.

Mr Witty, Ernst & Young offered to investigate the possibility of E&Y providing some training for Members on cloud computing and the inherent security risks.

Mr Dyson confirmed that the Business Continuity Plans had kicked in effectively and that the Business Recovery target had been hit.

RESOLVED: to note the progress on the actions, subject to the Committee receiving a presentation on operation of the Commercial Services Board in April.

13/16 AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL 2015

(Agenda No. 7)

The Committee had before them the Chairman's Annual Report of the Audit & Governance Committee (AG7) which was to be presented to Council in May.

The Committee thanked Mr Dyson for his work on the Committee and the Working Group over the past year and made a number of small suggestions on the content to be made prior to its consideration by Council.

Councillor Bartholomew requested that the work of 'Councillor Profile Working Group' be added to the report.

RESOLVED: to forward the report to Full Council for consideration, subject to the Chief Internal Auditor making a number of minor editorial changes.

14/16 SCS LEAN AND IT SYSTEM UPDATE

(Agenda No. 8)

Kate Terroni, Deputy Director Joint Commissioning, gave a presentation to update the Committee on two interlinking projects:

- the Adult Social Care IT Project which would deliver replacement computer systems for Adult Social Care (Swift) and Client Finance (Abacus); and;
- the Adult Services Improvement Programme which was delivering significantly more effective and efficient business processes using LEAN methodologies.

The Committee heard that, following the update given to the Committee in June last year the project had gone live in November 2015. The new system was now in and working and had revolutionised the way people in social care worked. The system

was very good, but more work needed to be done to get it embedded. The system now contained only 1 set of records.

She further reported that the system 'liquid logic' required social workers to provide mandatory fields and some members of staff were finding it difficult to stick to the rigidity of the system and despite training was not be used as consistently as it could be. More training was being scheduled in with staffing to deal with this issue. There were currently 'champions', but more resource was needed to do some targeted work on this issue through a learning platform, e-learning and training.

In response to concerns raised by members over whether information was being lost, Mrs Terroni confirmed that information was not being lost but was not happening as timely as it should have been. She also confirmed that the system was secure and confidential and required the Social Worker to enter a unique password.

Mr Dyson commented that although an audit had not been completed, he had heard the system was working well and that the performance issue was around people as outlined by Mrs Terroni and not the system.

Councillor Roz Smith raised the issue of ensuring that care homes were not paid in the case of death.

In relation to questions around the possibility of phase 2 of the project, Mrs Terroni agreed to report back to the next meeting on what the next phase could look like and the investment needed to achieve it.

In response to questions over financial assessment delay, Mrs Terroni confirmed that she was not aware of any delay at present but would report back over the course of the next few months.

The Committee thanked the Deputy Director for Joint Commissioning for her informative presentation and:

RESOLVED: to receive a further presentation in April outlining the number of managers using the management tools on the system and details of the extra investment needed to take the project forward.

15/16 UPDATE ON HAMPSHIRE PARTNERSHIP

(Agenda No. 9)

The Committee had before them a report (AG9) which provided an overview of the first six months operation of the shared service arrangement between Hampshire and Oxfordshire County Council, from July to the end of December 2015.

Lorna Baxter, Chief Finance Officer in introducing the report, stated that, as anticipated, the first 6 months of operation had been a significant challenge in terms of the scale of business change required, embedding new ways of working and resolving a range of first time events associated with the transfer of data and business practice in July 2015. There had been a collective effort through on-going business readiness, user engagement and training during this period. She further reported that a number of stabilisation issues had impacted the confidence in the

model as detailed in Section 3 of the report, but these were continuing to be collectively resolved by colleagues across both organisations and were reducing in volume and scale as the model embeds.

The performance metrics summarised in Section 4 of the report show a stabilisation across the majority of areas including confidence over the continued accuracy of payroll and the timely processing of invoice payments and income receipting. Concerns were raised in the stability and effectiveness of the customer contact model, and against some specific areas (e.g. recruitment cycle time), where recommendations have been included for further investigation and action.

Anna D'Alessandro reported that there were two key ongoing issues related to delivery of services by the Hampshire partnership, which officers were working very closely with HCC to resolve. These, and their associated actions, were all detailed in the joint report, at Appendix 1. The two which were significant were:

OCC had yet to receive a full set of the monthly pension data for either the Local Government or Fire-Fighters Pension Schemes. The Pension Services team was finding workarounds to avoid undue delay in the payment of new pensions and death grants, but the lack of data had led to delays in the calculation of employer contribution rates for new academies. The late submission of data might also potentially result in difficulties in providing the Actuary with the information required for the 2015/16 Accounts and the 2016 Valuations. However, this was being actively managed and work was continuing with IBC colleagues to ensure all the outstanding data was provided, and officers continue to assess and mitigate the risk. There was a jointly agreed plan in place to deliver this information in the required timeframe, which HCC was progressing.

In relation to HCC not meeting target response timescales for queries and measuring the effectiveness of those responses, she reported that the non-achievement of targeted response times had ramifications both on the business and its customers. As an example, a number of adjustments needed to be made retrospectively to payroll when response timeframes aren't met by HCC, exacerbated by OCC manager late notification. HCC would be rolling out a plan of continuous improvement of its Customer Support model, including the Contact Centre and online enquiry forms to meet targeted requirements, over the coming months. The plan would look at quantitative (response times) and qualitative (effectiveness/customer experience) aspects. OCC will supplement this with user/manager education and improved online guidance.

She further reported that Detailed/transactional level information which underpinned the Aged Debt Report, especially with respect to legacy debt (pre-IBC or migrated debt) was currently outstanding. She reported that old debt (over 150 days) was £6.8 million and needed to be more rigorously managed.

There were also some operational issues that had been identified during the stabilisation period, that were not directly IBC related but were as a consequence of the transfer and should have been addressed during the business readiness project stream. These were now being addressed internally within the Directorates on a case by case basis, overseen by Corporate Finance to ensure internal control requirements are being met.

There are some other issues on the income collection side, which were undermining confidence in service reliability, including:

- A batch of invoices being sent to OCC customers with HCC payment details;
- Invoices emailed to customers which were hitting spam filters and hence risking non-payment;
- Emails being sent to customers with unsuitable subject headers (e.g dunning letters, or invoice numbers);
- IBC Portal reports not being an accurate reflection of an actual customer account balance as data is being drawn from other customer records.

The IBC were aware of these issues, as they had been escalated to the Head of the Shared Services Centre. There was a plan in place for resolution and this was currently treated as a priority.

We have in place a number of arrangements from an OCC perspective to more effectively capture and resolve issues:

- Since October 2015 officers had been meeting monthly with IBC representatives to discuss purchasing and income related issues. This would continue at least until the end of the financial year;
- In November 2015 officers implemented a more coordinated approach to the capture, escalation and resolution of issues through an IBC Coordination Group consisting of a nominated Coordinator for each Directorate. This group excluded schools as issues had been addressed through the Schools Transition Team. The Coordination group met weekly and on a regular basis they were attended by the Head of the IBC and his subject matter expert;
- In December 2015 officers identified particular IBC issues relating to the payment of large suppliers in E&E. Subsequently relevant staff were invited and IBC representatives to discuss issues and associated processes in detail. There was also a follow-up session in January. This targeted approach had proven to be very successful and officers were currently working with other Directorates to deliver the same;
- For the last few months, senior representatives in OCC had regular (at least monthly) face-to-face dialogue with senior members of the IBC to escalate significant and unresolved issues relating to Finance and HR. There was now a well-defined escalation route into the IBC;
- “Bitesize Training” rolled out in October for both Finance and HR continue to be popular and well attended and had contributed to the more effective management and resolution of problems;
- The Business Date Upload (BDU) was designed as an interface into the IBC SAP system for one-off vendor transactions, and for which no other standard solution was currently available. A project was established in October to review these transactions, as the controls around this system are weak. The Project team have identified a number of areas which could use an existing solution for payment and those which require an alternative to the current interface system. Officers would be having discussions with HCC over the coming weeks.

Members expressed concern over the level of Age Debt, the amount of duplicate payments occurring and the number of staff still using the manual system.

In response, Ms D'Alessandro reported that at the end of October, the amount of duplicate payments was nearly 1 million and was now at just under 300,000. She further reported that a project was in place to get people off the manual interface and on a standard process with Hampshire and that there was 100% supported support at senior manager level to support this.

Members further raised concerns about not being able to how much had been paid against invoices.

RESOLVED: to agree that a further update be provided to the Committee at its July meeting, with an update in April on Aged Debt and duplicate payments.

16/16 ERNST & YOUNG AUDIT PLANS AND SECTOR BRIEFING

(Agenda No. 10)

The Committee considered the following two reports from Ernst & Young:

- Audit Planning Board Report;
- Local Government Sector Briefing.

Members raised concerns raises regarding the ICT failures and the Audit Committee's responsibilities in relation to that and the need for the Committee to have an understanding of modern ICT practice. In response Mr King agreed to look into whether some training around that area could be identified.

Mr Dyson commented that in light of the fact that there had been 2 major outages in recent months that it would be reasonable for the Head of ICT to report to the Committee on what had happened, what future risks might be and what solutions were being put in place.

Mr Witty clarified that the 'Key questions for the audit committee' in the same report, on Page 23 of the agenda, were intended as helpful pointers of the kind of issues that the Committee may wish to consider in the future.

RESOLVED: to note the reports.

17/16 REPORT FROM THE AUDIT WORKING GROUP

(Agenda No. 11)

The Committee had before them the report of the Audit Working Group.

Ian Dyson, Chief Internal Auditor reported that there had been one meeting of the Audit Working Group since the last Committee meeting. The Group had looked at the Corporate Risk Register, the Internal Audit Update and the Highways Contract Payments Audit.

In relation to the Corporate Risk Register, Mr Dyson reported the group had been informed on the process for monitoring the risks and the target risk scores for

reducing risks to the tolerated level. In reviewing the risks and the risk scores, the Group challenged whether the risk relating to Adult Social Care needs, reportedly at a level to be tolerated, was correct, and had asked for further information that supports the CCMT assessment. The Group also noted that the register presented was produced in December 2015, and therefore queried whether the risk of "helping people to help themselves" currently at the target risk score, would be impacted by the Councils budget to be agreed in February. The Group agreed to receive an update as part of the next quarterly risk management report. Mr Dyson reported that the Register had now been completed.

In relation to the Internal Audit Update, Mr Dyson reported that the Group had found that there were no material concerns arising from the item.

In relation to the Highways Contract Payments Audit, Mr Dyson reported that the overall opinion from Internal Audit was "Amber"; however in relation to accuracy and timeliness of payments it was "Red". The Deputy Director attended the AWG and was able to provide an update on the management action that was being taken to address the issue. Whilst the Group was in part reassured by the management actions being led by the Deputy Director; it was concerned at the findings in the audit that reconciliations between payments made to Skanska against the amount invoiced were no longer undertaken and that at Task Order closedown, the amount already paid as quoted by Skanska could no longer be accurately checked. This was also due to the Contracts team no longer having access to back-end SAP. The Group noted that was an issue arising from the transfer of finance services to the Hampshire IBC, and although not related to the IBC system was an unresolved issue arising Business Readiness project. It was acknowledged that management were revising their control procedures to ensure checks over highways payments could be completed going forwards; however, the Group was very concerned at this consequence of the business readiness and has requested more information regarding where else this could have impacted in the organisation. The Chief Internal Auditor confirmed there were several audits on going which were covering the key financial systems that should pick up these issues, and would be reported back to the AWG and Committee during April and May.

RESOLVED: to note the report.

18/16 REQUEST FROM PERFORMANCE SCRUTINY COMMITTEE

(Agenda No. 12)

At their meeting on 4 February the Performance Scrutiny Committee had considered the decision of the Cabinet Member for Environment (Councillor Hudspeth substituting) made on 14 January 2016 following proper notice of a call in: Proposed Bus Lane & Parking/Waiting Restrictions - Orchard Centre (Phase 2), Didcot.

The Committee agreed to refer the decision back to Cabinet on the grounds of material concerns in that the officers dealing with the matter had not been made aware of the fact that a 1500+ signature petition had been presented to Council opposing the proposal.

During discussion Members heard that the petition had been taken into account inconsideration of the County Council's response to the planning application

determined by South Oxfordshire District Council. In response to questions, officers confirmed that it had not been specifically referred to in that response. Members in noting that the petition had been submitted to full Council raised concerns that local members had not been advised of the petition and kept informed of the response. The Committee considered that something extra was needed with regard to the protocol on Member engagement and requested that Audit & Governance Committee be requested to consider this matter.

An additional request was made by the Performance Scrutiny Committee at its meeting on 18 February during consideration of the decision by officers in relation to the Headington pipeline.

Members of the Committee expressed concern that local councillors has not been kept informed of the grant of Section 50 licences that resulted in significant road works in their area. In noting that there was protocol on member engagement the Committee requested that this Committee look at the effectiveness of the protocol generally.

The Committee also discussed what constituted a key decision and whether it was right that decisions relating to a major project could be broken down into separate notices and thus not be considered as a key decision. The Committee asked that Audit & Governance Committee request officers to review the definition and interpretation of key decisions.

RESOLVED:

- (a) to agree that the Monitoring Officer review the protocol on Member Engagement with a specific regard to petitions and to report back to this Committee;
- (b) to include a review of key decisions in the next Constitutional Review.

19/16 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

(Agenda No. 13)

The Committee had before them a copy of the Annual Work Programme for the Committee (AG13).

RESOLVED: to agree the Work Programme, subject to the following additions:

April

Delete - Ernst & Young External Auditors Grant Claim Report

Add – SCS LEAN and IT system update

Add – Aged Debt and duplicate payments

July

Delete - Annual Governance Statement 2014/15

Delete – Statement of Accounts

Add - Hampshire Update

September

Add – Annual Governance Statement 2014/15

Add – Statement of Accounts

..... in the Chair

Date of signing 2016

Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE – 20 APRIL 2015

INTERNAL AUDIT 2015/16 PROGRESS REPORT

Report by the Chief Financial Officer

INTRODUCTION

1. This is a two part report. Part 1 reports on the progress with the current 2015/16 Internal Audit Plan, including status of the audits, and the summary results of completed audits since the last progress report to Committee; Part 2 is the Internal Audit Strategy for 2016/17, including an indicative Internal Audit Plan for Q1 2016/17.
2. During 2015/16 Internal Audit was restructured and three distinctive teams were created with the aims of: protecting the role and independence of an Internal Audit Service; to provide a clear strategy and resource for the management of Counter-Fraud; and, to create capacity to manage the corporate responsibility for Risk Management and a new a Business Assurance function. All three functions came under the management of the Chief Internal Auditor.
3. The key outcome of the change was to provide a structure that can contribute to and report on the Council's combined assurance that ensures the effectiveness of the governance, risk management and the system of internal control.
4. During 15/16 the Chief Internal Auditor post was shared under collaboration with Buckinghamshire County Council; however this arrangement will be ceasing in quarter 1 of 2016/17. The Council is facing a huge change agenda over the foreseeable future and as a result the Head of Paid Service and the Chief Finance Officer decided to end the collaboration for sharing the Chief Internal Auditor post, and therefore with effect from 1 June 2016, Ian Dyson will be returning full time. The collaboration has been very successful, and the decision was not made lightly, however it was necessary to have the extra capacity to support the change agenda.
5. From April 2016, the Chief Finance Officer has changed the roles and responsibilities within her Senior Management Team, including those of Ian Dyson, who held the role of Chief Internal Auditor. A new post of Assistant Chief Finance Officer (Assurance) has been created and is being undertaken by Ian Dyson. This role retains senior manager responsibility for Internal Audit, Counter Fraud and Risk Management, but also covers responsibility for operational finance functions, and corporate responsibility for the system of financial control including the procure to pay and order to cash systems. In this new role, Ian Dyson will also be the nominated deputy to the Chief Finance Officer, with the exception of the legal role of S151 Officer, where Sarah Fogden will

have the responsibility of interim Deputy S151 Officer. It was expected this change would coincide with the cessation of the collaboration with Buckinghamshire County Council; however it was not possible to extend the contract of the Interim Deputy Chief Finance Officer beyond 31 March 2016, so the change was made effective from April 2016.

6. The wider remit of the Assistant Chief Finance Officer role clearly conflicts with the “independence” requirement of a Chief Internal Auditor, so whilst Ian Dyson will retain line management responsibility for the Internal Audit Service, he has relinquished the role of Chief Internal Auditor effective from 1 April 2016. As the change occurred earlier than expected interim arrangements have been agreed for the role of Chief Internal Auditor. That responsibility and the authority afforded to that post holder as set out in the Chief Internal Auditor Protocol has been assigned to Sarah Cox, Audit Manager, until options for a permanent arrangement have been considered.
7. As a result of these changes, this report has been co-authored by Ian Dyson and Sarah Cox, as it covers both the 15/16 Internal Audit Plan, and the forward looking strategy and plan for 2016/17.

2015/16 PROGRESS REPORT

8. The revised Audit Plan is attached as Appendix 1 to this report. There are three tables in the appendix, the first shows the current status of the revised planned activity; the second table lists the audits removed from the Plan this year as previously reported. The third table records audits removed since the last report.
9. Since the last report (13 January 2016) there have been five further amendments to the plan. The first was an additional piece of work, which was requested by Adult Social Care, to undertake a full review of a specific Service User's case following identification of issues with the Direct Payment. The second was to extend the counter-fraud review of a sample of procurement cards to also a full audit of the design and operation of the controls following the transfer of the procurement card administration to Hampshire IBC. There have been a further three audits removed from the Audit Plan.
10. In the last report (13 January 2016) it was explained that the underspend within Internal Audit's budget that was to be used during Q4 to buy external resource to support the delivery of the audit plan was not going to be utilised in light of the Council's current financial position. This has resulted in reducing the number of audits in the plan for 2015/16. Prioritisation during quarter 4 has been given to the material financial systems and processes, following the move to Hampshire IBC and also the implementation of the new Adult Social Care IT system. Due to the complexity and level of testing the planned activity has continued into Q1 of 2016/17.
11. The 2015/16 Compliance Plan and progress summary is included within Appendix 2 to this report. The assurance mapping for key services across all three Directorates is in progress, and the first draft of output for CEF and SCS Directorates is due to be validated by the

Directorate Leadership Teams by the end of April 2016. The assurance mapping process has been developed throughout the exercise.

12. In addition to the work completed on counter-fraud within the Internal Audit Team, Oxford City continues to provide counter-fraud support, both reactive and proactive fraud work. The Counter Fraud Plan and progress is attached as Appendix 3 to this report and an update on Counter Fraud is later in report.
13. There have been 7 audits concluded since the last update (provided to the January meeting of the Audit and Governance Committee); summaries of findings and current status of management actions are detailed in Appendix 4. The completed audits are as follows:

Directorate	2015/16 Audits	Opinion
EE (ICT)	Commissioning of ICT Services	Green
EE	Highways Contract - Payments	Amber
OFRS	Gartan Payroll (On call Fire Service System)	Green
CEF	Thriving Families Winter Claim	n/a
CEF	Social Care Payments	Amber
Corporate	Procurement Cards (combined audit and counter fraud review)	Red
CEF	Childrens Social Care Management Controls - Missing Children Processes	Amber
Corporate	Key Financial Processes (Design of Controls): <ul style="list-style-type: none"> - Accounts Receivable - Banking and Cash Receipting - Petty Cash - Procure to Pay - Payroll - Main Accounting - Business Data Upload Application 	Red Red Amber Red Amber Amber Red

Performance

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

Performance Measure	Target	% Performance Achieved	Comments
Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	65%	Audits which did not meet this target were closely monitored at the time of fieldwork, majority of reasons were due to complexity of work and also agreed extensions to the scope of the audits.
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 days	94%	
Elapsed Time between issue of Draft report and issue of Final Report.	15 days	50%	Focus has been on ensuring Senior Management have been issued with a draft report promptly following the exit meeting. Final Reports are taking longer to agree due to the number of senior management involved and complexity of actions. Improving performance against this indicator will be a focus for 2016/17.

The other performance indicators are:

- % of 2014/15 planned audit activity completed by 30 April 2016 - reported at year end (Annual Report 13 July 2016).
- % of management actions implemented - 86%. Of the remaining 14% - there are 25 (3%) actions that are overdue, 17 (2%) actions with a revised implementation date and 65 (9%) actions not yet due.

- Extended Management Team satisfaction with internal audit work - reported at year end.

Counter-Fraud

15. Internal Audit has worked with Adult Social Care to provide Fraud Awareness Training as part of the directorate's direct payment training. This has been delivered to Social Care staff at eight different sessions across the County. This has included the promotion of the SCS Fraud procedures which were developed jointly between Internal Audit and Adult Social Care.
16. Following the audit of direct payments five individual direct payment cases were reviewed by Internal Audit at the request of the directorate. A management letter which concluded on each individual case and agreed management actions required to address specific issues with those service users has been agreed and issued. Three were concluded as needing a full review of the existing care package and direct payment arrangements, one case has resulted in an agreed recovery repayment plan to claim back monies that should not have been claimed as a direct payment and the fifth one has identified misuse of the direct payment and civil recovery action is now being progressed via Legal.
17. The proactive fraud review of Procurement Card expenditure is now complete. The scope was extended to also include an audit of the procurement card OCC controls, following the transfer of the administration of the system to Hampshire IBC. This has been included within the update on Internal Audit reports and the Executive Summary is included within Appendix 4 of this report.
18. A school has reported a theft from a cash tin of just under £100. The school had reported it to the police.
19. There has been a theft of £2000.00 from one of the Council's Offices. It has been reported to the Police and currently a management investigation is ongoing. Internal Audit are supporting with the review of controls to minimise the risk of this happening again.
20. Work is ongoing with the Blue Badge exercise, with the individual cases currently subject to further investigation / action.
21. The Assistant Chief Finance Officer is currently working with the Police on a suspected fraud following a joint investigation between Oxfordshire and Buckinghamshire County Councils.

National Fraud Initiative (NFI)

22. The matches from the 2014/15 exercise have been released. In total OCC have had 15,266 matches returned, of which 6,850 are recommended to be looked at. Key officer and Councillor checks have been completed and no issues have been identified. A number of key reports have now been closed after a review of a sample of

recommended matches showed no issues. Other key recommended matches are still being reviewed by individual teams across the Council and Internal Audit. This work is continuing into quarter 1 of 2016/17.

23. Four potential matches have been identified for pensions payments made to deceased persons. These are currently being investigated further and recovery processes have commenced.
24. One potential match has been identified so far in comparing payments made to residential providers for deceased residents. This case is being investigated further and the overpayment has already been recovered. The provider has been visited by the directorate and improvements made around notifications when a resident dies. These improvements will now be shared with other providers. Further data matches in this area are still being investigated.

2016/17 INTERNAL AUDIT STRATEGY

25. The Accounts and Audit Regulations 2015 state that the Council needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with the proper internal audit practices; these are defined as the Public Sector Internal Auditing Standards 2013.
26. The Public Sector Internal Auditing Standards defines “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”
27. The Chief Internal Auditor is required to provide an annual report on the System of Internal Control which is used to inform the Council’s Annual Governance Statement. In providing this opinion we are required to review annually the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis.
28. This is an interim strategy pending the outcome of a permanent appointment to the role of Chief Internal Auditor. A revised strategy will be presented to the Committee once the new arrangements are confirmed.
29. The Internal Audit Plan will evolve during the year, influenced by any restructuring, and the resulting sources of assurance.

Audit Planning Methodology

30. The Internal Audit Plan will be produced with reference to the Corporate Risk Register and in consultation with the Directors, Finance Business Partners and the Chief Finance Officer. Quarterly meetings with the Directors are scheduled to ensure the plan is kept under continuous review. The plan will also be reviewed quarterly with

reference to the Directorate Risk Registers, and presented to the Audit and Governance Committee for consideration and comment. During 2016/17 it is expected that the planned audits will be aligned to the outcomes from the assurance mapping of key services.

31. The Audit Plans will continue to be influenced by external organisations and statutory bodies we work with and provide assurance to.
32. Counter-fraud remains a responsibility for Internal Audit to lead on, and in 2016/17 this will continue to be focussed on overseeing the investigation of NFI data matches, and responding to referrals of suspected fraud and financial irregularity. Internal Audit will continue to work in collaboration for proactive counter-fraud, and reactive investigation support with the Fraud Hub being led by Oxford City Council.

2016/17 Q1 AUDIT PLAN

33. During quarter 1 the initial focus will be on the completion of 15/16 audits. These were planned to overrun into quarter 1 of 16/17 due to a reduction in Internal Audit Resources and also the requirement to focus on the key financial systems since the move to Hampshire IBC.

Completion of 15/16 Audits:

- SCS Client Charging, including ASC debt management and also management of deferred debt
- Residential and External Home Support Payment systems.
- Pensions Fund
- Pensions Administration
- Accounts Receivable
- P2P / Accounts Payable
- Main Accounting / General Ledger
- Payroll
- Banking / Cash Receipting
- Imprest / Petty Cash

34. Appendix 5 sets out the quarter 1 plan of audits, compliance activity and counter fraud work. A full annual plan will be brought to the next meeting of the Audit Committee following further consultation with the directorates. The plan will however remain flexible, to enable Internal Audit to be responsive particularly during organisation change.

Performance Monitoring / Reporting

35. The proposed Internal Audit performance indicators for 2016/17 are set out in appendix 6. The Audit and Governance Committee will receive a quarterly report, including the next quarters plan for approval, a status update on the approved work plans, and a summary of the outcomes of completed audits.

RECOMMENDATIONS

36. The Committee is RECOMMENDED to:

- (a) note the progress with the 15/16 Audit Plan, 15/16 Compliance Plan, 15/16 Counter Fraud Plan and the outcome of the completed audits;**
- (b) approve the interim Internal Audit Strategy for 2016/17 and the Q1 Plan; and**
- (c) agree the 2016/17 performance indicators.**

IAN DYSON

Chief Internal Auditor

Background papers: None.

Contact Officer: Ian Dyson/ Sarah Cox 01865 323875

2015/16 - Revised Internal Audit Plan Progress Summary
Table 1:

Directorate	Audit	Status	Conclusion
CEF	CEF Safeguarding (Children's Social Care Management Controls) - Missing Children	Complete - Final Report	Amber
CEF	CEF Thriving Families - Summer Claim	Complete - Final Report	n/a
CEF	CEF Thriving Families - Winter Claim	Complete - Final Report	n/a
CEF	CEF MASH (Multi Agency Safeguarding Hub)	Complete - Final Report	Amber
CEF	CEF Social Care Payments	Complete - Final Report	Amber
CEF	CEF Foster Payments (Internal & External)	Complete - Final Report	Amber
SCS	SCS Personal Budgets / Direct Payments	Complete - Final Report	Red
SCS	Adult Social Care Information System - follow up audit	Complete - Final Report	Amber
SCS	Adult Social Care Information System - I.T. application review of LAS	Draft Report	Green
	Adult Social Care Information System - I.T. application review of Controcc	Draft Report	Green
SCS	SCS Client Charging, including ASC debt management and also management of deferred debt	Fieldwork	TBC
SCS	Residential and External Home Support Payment systems.	Fieldwork	TBC
SCS	Review of specific DP case (addition to plan since last report)	Exit meeting stage	n/a
OFRS	OFRS - Payroll (Garton Processes)	Complete - Final Report	Green
CS	Key Financial Processes (Design of Controls)	Final Report	n/a
CS	Pensions Fund	Fieldwork	TBC

CS	Pensions Administration	Fieldwork	TBC
CS	Accounts Receivable	Fieldwork	TBC
CS	P2P / Accounts Payable	Fieldwork	TBC
CS	Main Accounting / General Ledger	Fieldwork	TBC
CS	Payroll	Fieldwork	TBC
CS	Banking / Cash Receipting	Fieldwork	TBC
CS	Imprest / Petty Cash	Fieldwork	TBC
CS	Procurement Cards (addition to plan since last report)	Complete - Final Report	Red
All directorates	Grant Certification A number of grant conditions, for grants claimed across the Council, require that the Chief Internal Auditor verifies and certifies the grant claim being made.	Complete	n/a
EE	Highways Contract	Complete - Final Report	Amber
EE (ICT)	Cyber Security	Complete - Final Report	Amber
EE (ICT)	ICT Disposal of Equipment	Complete - Final Report	Red
EE (ICT)	ICT Change Management	Complete - Final Report	Amber
EE (ICT)	Broadband Project	Complete - Final Report	Green
EE (ICT)	Commissioning of ICT Services	Complete - Final Report	Green

2015/16 - The following audits have been removed from the plan (as previously reported to the 13 January 2016 meeting):
Table 2:

SCS	LEAN / Responsible Localities	This has been removed from the proposed plan. A specific review of care management processes in 16/17 will be undertaken once LEAN review is complete and the new Adult Social Care ICT system is embedded
SCS	SCS Implementation of the Care Bill	This has been removed from the proposed plan. Full funding reform changes have not happened. The care bill implementation was achieved by April 15. One area that will be reviewed is the collection of deferred payments, this will be covered under client charging audit.
SCS	SCS Pooled Budgets	This has been removed from the 2015/16 plan due to a reduction in audit resources available and the need to prioritise audit resources on key financial systems. This was planned for Jan / Feb - and was merged with SCS contract management audit, as the scope intended to look at significant contracts commissioned by the pool and review contract management arrangements. Also planned to cover arrangements re Better Care Fund. It is proposed that this will be undertaken early within the 2016/17 Internal Audit Plan.
CS	Treasury Management	This has been removed from the 2015/16 plan due to a reduction in audit resources available and will be audited in 2016/17.
CS / EE	Capital Programme Governance & Delivery	This has been removed from the 2015/16 plan due to a reduction in audit resources available and will be audited in 2016/17.
EE	Energy Recovery Facility	This has been removed from the 2015/16 plan due to a reduction in audit resources available and the need to prioritise audit resources on key financial systems. It will be considered for the 2016/17 audit plan.
EE	Planning	This has been removed from the 2015/16 plan due to a reduction in audit resources available and the need to prioritise audit resources on key financial systems. It will be considered for the 2016/17 audit plan.
EE	City Deal	This has been removed from the 2015/16 plan due to a reduction in audit resources available and the need to prioritise audit resources on key financial systems. It will be considered for the 2016/17 audit plan
EE	OLEP Governance Framework	This has been removed from the 2015/16 plan due to a reduction in audit resources available.

2015/16 - Since the last report (13 January 2016) the following audits have been removed from the plan.

Table 3:

CEF	S151 Schools Assurance - mapping of design of controls.	This has been deferred from the 2015/16 plan and will be undertaken in 2016/17. This is due to both a reduction in audit resources available and also to take into account that there will be a new CEF Finance Business Partner in post from May 2016.
SCS	SCS Safeguarding (Adult Social Care Management Controls) - follow up.	This has been deferred from the 2015/16 plan and will be undertaken in 2016/17. This is due to both a reduction in audit resources available and also to allow for processes to be fully established and operational following the implementation of the new Adult Social Care I.T system.
EE / CEF	Supported Transport Programme - Hub Development / Follow up of CEF safeguarding transport audit	Assurance over the implementation of the agreed management actions has been provided through the regular updates to the Supported Transport Governance Group which is chaired by the Assistant Chief Finance Officer (Assurance). A report on progress was made to the Audit Working Group meeting of 7 April 2016.

2015/16 - Compliance Plan Progress Summary

Area	Scope	Current Status
Budget Monitoring	<p>The review will determine the level of organisation compliance with the stated budget monitoring and forecasting processes.</p> <p>Sample testing will be conducted on a range of cost centres and cost centre groups from across each Council Directorate.</p>	Quality Review
Cancelled and Re-Issued Invoices	<p>The review will determine the level of organisation compliance with the stated processes for cancelling and re-issuing invoices.</p> <p>Sample testing will be conducted on a range of services from across each Council Directorate who have cancelled and re-issued invoices.</p>	Exit Meeting
Local Cash Receipting and Banking	<p>The review will determine the level of organisation compliance with the stated cash receipting and banking processes.</p> <p>Sample testing will be conducted on a range of services from across each Council Directorate who collect and bank income.</p>	Testing
Journals	<p>The review will determine the level of organisation compliance with the stated journal processes.</p> <p>Sample testing will be conducted on a range of services from across each Council Directorate who have processed journals.</p>	Exit Meeting
Vendor Creations and Changes	<p>The review will determine the level of organisation compliance with the stated new vendor creation and vendor change process.</p> <p>Sample testing will be conducted on a range of services from across each Council Directorate who have raised new vendors or changed vendor details.</p>	Quality Review
Invoicing Plans	<p>The review will determine the level of organisation compliance with the stated invoicing plan creation process.</p> <p>Sample testing will be conducted on a range of services from across each Council Directorate who have created invoicing plans.</p>	Quality review

Area	Scope	Current Status
One Time Vendor Payments	<p>The review will determine the level of organisation compliance with the stated one time vendor payments process.</p> <p>Sample testing will be conducted on a range of services from across each Council Directorate that have requested one time vendor payments.</p>	Quality Review
Employee Changes	<p>The review will determine the level of organisation compliance with the stated employee change process (i.e. honorariums, increments, acting up arrangements, one-off or recurring employee payments, deductions, change in hours, etc.)</p> <p>Sample testing will be conducted on a range of services from across each Council Directorate that have processed an employee change request.</p>	Exit Meeting
Business Data Upload	<p>The review will determine the level of organisation compliance with the stated Business Data Upload (BDU) process.</p> <p>Sample testing will be conducted on a range of file types uploaded via the BDU system.</p>	<p>Complete</p> <p>Ongoing work, carried forward into 2016/17</p>

APPENDIX 3**Counter Fraud Plan 2015/16**

Activity	Qtr	Status
Development of SCS Fraud procedures	2	Complete
Fraud awareness / identification of fraud risk areas	all	Ongoing
Fraud awareness training inc DPs to SCS	4	Complete
Review and update of fraud intranet pages & procedures	4	Deferred until Qtr 1 2016/17
Review and update of Fraud Risk Register	all	Ongoing
Procurement Cards Review	3	Complete
Travel and Expenses Review	4	Deferred until Qtr 1 2016/17 due to additional time spent on Procurement Card review.
Blue Badge Review	3 / 4	Complete
Reactive fraud work - DP cases	3/4	Complete
Reactive fraud work - pre October 2015	3/4	Ongoing
Reactive fraud work - post October 2015	3/4	Ongoing
NFI 2015	all	Ongoing
Development of Counter Fraud arrangements with City Council to include SPD (Single Person Discount - Council Tax) processes.	4 / &Q1 16/17	Ongoing

Commissioning of ICT Services Review 2015/16.

Opinion: Green	14 January 2015	
Total: 04	Priority 1 = 01	Priority 2 = 03
Current Status:		
Implemented	2	
Due not yet actioned	2	
Partially complete	0	
Not yet Due	0	

Overall Conclusion is Green

There are defined processes for commissioning new ICT services and, since late 2014, criteria is being applied which requires all new ICT projects or service requests to be approved by either CCMT, Head of ICT Business Delivery or DLT. This new governance approach was reported to the Council Delivery Group in September 2015. New structures have been established within ICT to assess and prioritise service requests and comprise of an ICT Strategy Delivery Group and an ICT Service Change Group. Project requests require a business case which will include an options analysis as to whether to deliver the service in-house or commission it from an external supplier. The corporate procurement team are engaged when new ICT services are commissioned, although in some cases this is at short-notice or late in the procurement process. Consequently, there is a risk that their skills and expertise are not fully utilised in supplier search and selection.

ICT maintain details of all their contracts in a spreadsheet, although a review noted that some of them are listed as being missing as they cannot be found. There should be a valid contract with each supplier to ensure the terms and conditions under which they supply their services have been agreed. Our testing confirmed that there is a formal contract in place for the 4 suppliers tested, although one had yet to be formally signed.

The contracts for three sampled contain adequately defined service levels. However, one contract in the sample did not have any associated service levels or remedies for poor service delivery. Service levels should be agreed for all commissioned services in order to define what is required and to monitor the performance of the supplier.

The Service Change and Commissioning Team have conducted a review of existing supplier management arrangements and made a number of recommendations which have been accepted by the ICT Leadership Team. This includes building account plans for the "Top 10" suppliers to try and get value out of existing contracts by seeing what suppliers can do for OCC over and above their contractual obligations. The control in this area can be further improved by having formal supplier management procedures to ensure that service leads are aware of their responsibilities and the activities/processes required to manage suppliers.

Service review meetings are held with suppliers on a regular basis and these are attended by appropriate ICT staff and supported by adequate service reports. A record of all meetings is maintained. This was tested and confirmed.

Contractors are used to fill a gap in resources or where a particular skill set is required. The use of any contractor has to be approved by a member of the ICT Leadership Team and their costs are monitored via the monthly budget forecasting process. Contractors are only taken from approved agencies and are interviewed beforehand to ensure they have the relevant skills and expertise.

Highways Contract Payments 2015/16.

This report was presented to the Audit Working Group 4 February 2016 and the Deputy Director attended to discuss the findings and agreed action plan.

Opinion: Amber	14 January 2015	
Total: 13	Priority 1 = 05	Priority 2 = 08
Current Status:		
Implemented	3	
Due not yet actioned	9	
Partially complete	0	
Not yet Due	1	

Overall Conclusion is Amber**Introduction**

There have been some changes in governance and internal control in recent years within Highways. Positive areas of improvement noted during the audit include:

- Budgets have moved back to OCC, so each budget is now managed and monitored by OCC managers instead of the contractor, thereby reducing the potential for conflicts of interest. The budget holders' roles and responsibilities are clear. There is already evidence of greater budgetary control for example the predicted over spend in the Defects budget has reduced compared to the previous two years.
- Evidence of effective risk and issues escalation. The Service was already aware of many of the big picture and detailed risks and issues identified during the audit. The establishment of the quarterly budget holder review meetings has helped to facilitate this, along with the upward reporting through the weekly Commercial Actions group, feeding to the Commercial management group and the Highways Operations Board.
- Operationally, for the major infrastructure project reviewed, weekly on site visits, monitoring of progress and costs and monthly challenge meetings resulted in good levels of oversight by OCC staff. Compensation Events had been logged and authorised.
- From the sample of budgets reviewed, budget holders were reviewing and authorising the costs against their budgets and confirming these through the monthly certificate process managed by the Contracts team. Amounts were deducted from the invoice and payment amount when requested.

However, the audit also identified areas of control weakness, some of which are in the process of being addressed by management:

- From the audit sample reviewed, there were a much higher proportion of target cost projects that ended in gain share. There are a number of

possible reasons for this, including inadequate cost scrutiny and target costs set too high - however further analysis is required to establish the underlying causes.

- There is a lack of transparency of costs in the Inform system and insufficient detailed monitoring or analysis of these. The allocation and movement of costs on Inform is opaque and it is difficult to trace through works order to actual costs. Queried or disallowed costs are also not tracked and frequently appear in Inform in subsequent months, instead of being corrected or removed. Costs continue to be allocated on a continuing basis even after monthly sign-off - there is no means to identify in Inform which costs have been authorised previously and which have not. Budget holder review is therefore extremely difficult, especially working within reduced revenue budgets. The challenges and complexities of recording and monitoring these costs are acknowledged. In response, the Contractor is currently developing a new system to replace Inform within their 'Project Waterfall'. OCC management have been clear that the new system must resolve these cost accuracy issues and both the Contractor and OCC are working closely together to address this.
- There are weaknesses in the monitoring of the Defects budget, in particular the accurate allocation of costs and the completion of failed defects repairs. The audit found examples of failed defects charged for twice as well as costs allocated to defect repairs which were well in excess of a typical repairs value because costs are not accurately allocated to works orders. On a positive note, the number and value of insurance claims relating to potholes have fallen over the last three years, reportedly due to a combination of warmer weather, better responses to pothole requests and improved record keeping.
- The audit identified examples where, following Closedown, the costs in Inform against a closed Task Order changed (identified in one case - where costs reduced by approximately £80k in the two months after the Contractor and budget holder sign-off). Whilst any additional costs would then be a liability for the Contractor, any reduction in costs, post sign off, could potentially indicate a risk of error or duplicate payment. The pain/gain share calculation would be affected if full and accurate costs had not been included at the Closedown process.
- Whilst many Legacy Task Orders have been closed down over the past two years, there are still 234 outstanding from previous financial years. Whilst accruals have been made for many, there is no assurance that accruals have been made for all. Management report that closedown of outstanding task orders is proving difficult and despite being a management priority, has yet to produce adequate progress.

Following the change to IBC, there are several areas where controls are now inadequate, including:

- The scheme of Delegation is out of date (although a draft was being worked on at the time of the audit). The IBC system does not block authorisation above delegated authority for those with Level 0 authorisation.
- Reconciliations between payments made to the Contractor against the amount invoiced are no longer undertaken as following the move to IBC the team no longer have access to back-end SAP (from audit review, the amounts did not match for each month post-IBC, possibly indicating that some invoices are not being paid). At Task Order closedown, the amount already paid as quoted by the Contractor can no longer be accurately checked. This is due to the Contracts team no longer having access to back-end SAP and an alternative robust process has not been established.

Gartan Payroll (On Call Fire Service System) 2015/16.

Opinion: Green	15 January 2015	
Total: 03	Priority 1 = 01	Priority 2 = 02
Current Status:		
Implemented	02	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	01	

Overall Conclusion is Green

The Gartan Payroll module was introduced from July 2015, coinciding with the move to IBC. The pay for 'on-call' fire service staff and some 'whole-time' staff additional hour's pay is calculated from the Gartan Pay system. This equates to approximately 300 fire staff, totalling approximately £130,000 per month. The Gartan Payroll system contains numerous built in controls to minimise the risk of fraud or error, for example it's interconnection with Gartan Availability and not permitting staff to be paid in two places at the same time. The system also requires Level 1 and Level 2 authorisation prior to any payment being made.

Overall, the audit found that the design of and adherence to the controls for Gartan Payroll were satisfactory. The issues identified in the audit, are for areas where either control could be tightened even further or where use of the system could be taken to the next level.

The Gartan pay system was tested prior to roll-out and adequate training provided to staff. Very clear and up to date policies and procedures have been developed to support Gartan Payroll use. These clearly describe the responsibility of authorisers to audit their records prior to sign-off. However there is no guidance to authorisers on the checks they are expected to complete prior to authorisation, only that they must be satisfied that records are accurate. There are numerous automated reports in Gartan Payroll, however there is as yet limited usage and guidance of these, and this would be an area for further development and roll out.

From the audit sample tested, payments were correctly authorised by Level 1 and Level 2 authorisers. However, where activities have not been authorised for a specific reason, there is no record in the system as to why it was not authorised.

Reconciliations between Gartan and actual payments to SAP have not taken place to ensure payments made in SAP match the original records from Gartan. The audit attempted to undertake this reconciliation, however it was not possible to balance the values, possibly due to the absence of a report from SAP which breaks payroll payments down to only include those which originate from Gartan. It was verbally reported to Internal Audit that there had been no issues with the accuracy of payroll payments made from Gartan. From the sample checking of 20 payroll payments undertaken during the audit, the payments all matched between Gartan and SAP give or take a few pence variations (due to rounding ups in SAP).

The audit reviewed the list of staff who have full Administration (and therefore set-up, Level 1 and Level 2 authorisation) rights. These were appropriate and limited to staff who required this access. The controls in place and segregation of duties to ensure fictitious staff members are not set up and paid are sufficient, as a payroll number is required (issued from IBC) to set up a person in Gartan Payroll (which can only be done by a system Administrator). Plus the person has to be linked to a Station and the Station/Watch/Crew Manager would soon identify an unexpected person on their station list. However, the process for disabling a staff member who has left requires tightening to ensure ex-employee records are accurate.

Thriving Families Winter Claim January 2016

Opinion: n/a	29 January 2016	
Total: 04	Priority 1 = 0	Priority 2 = 04
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	04	

Oxfordshire was an early adopter of Phase 2 of the Troubled Families Programme, which began in September 2014. A first claim of 12 families was submitted and audited in September 2015, including only families who had moved into continuous employment. A second Payments by Results (PBR) claim for 78 families who have made sustained progress and 11 families who moved into continuous employment, is due to be submitted now. The audit found that the process for identifying families who met the required criteria for the PBR claim was generally effective, and that the claim spreadsheet accurately reflected the source data in terms of the original criteria for inclusion on the scheme.

The audit tested a sample of 10 families to assess they meet the criteria for the PBR claim, and a sample of 5 for the continuous employment claim. An error was identified with the accuracy of some initial data input, where two families had the same family code and one of the families was not complete.

The audit testing also identified 3 individuals in the continuous employment claim who had been previously claimed for and have therefore been removed from the claim.

The Data team have confirmed that these issues have been addressed, the rest of the claim checked and relevant families removed from the claim. More rigorous checks will be undertaken in future prior to the submission of a claim to internal audit - for the next claim there will be a longer window for compiling the claim and checking the data.

The audit also identified that families had not been checked for regression in their employment status, contrary to the national guidance. This was because it was felt that becoming unemployed may not be within someone's control. This exception had not been authorised by the FBP for CEF and the check was subsequently completed and the data team confirmed that two families were removed.

Internal Audit agreed to the sign-off of the winter claim.

Childrens Social Care Payments

Opinion: Amber	23 March 2016	
Total: 17	Priority 1 = 02	Priority 2 = 15
Current Status:		
Implemented	0	
Due not yet actioned	12	
Partially complete	0	
Not yet Due	5	

Overall Conclusion is Amber

Children's Social Care Staff make a variety of routine and emergency payments via the local office imprest accounts, procurement cards and the IBC. The budgets are very much demand led and due to the increasing volumes of children and young people being supported, these budgets are under continuing pressure. The audit has identified that whilst there is an authorisation process in place for individual transactions and monitoring of spend via the budgetary control information available to managers, there is limited management information on the total spend per child / young person or on the total amount spent on emergency payments and the different types of regular payments. Testing of individual transactions has found issues both with insufficient supporting documentation to support purchases made and with the authorisation process. For these transactions, assurance that payments have been made as intended is more limited. Key weaknesses identified are:

- It was noted that there is a lack of clear and accessible corporate guidance in relation to appropriate procurement methods and to the use of procurement cards and imprest accounts. In relation to procurement card expenditure, guidance has been taken from Hampshire, but not adapted for Oxfordshire County Council. Local finance procedures for area offices has been produced and circulated, but this has not been published on the intranet and requires updating in several areas.
- Transaction testing on procurement card activity identified instances where procurement cards should not have been used, for example personal purchases from Amazon (since repaid, but identified and challenged by Administrator, not cardholder), for paying for parking (should be reclaimed through staff expenses) and examples where procurement cards had been used for the purchase of staff refreshments. Examples were also noted where cards were being shared and where a cardholder had two live cards. Transaction testing on imprest identified some instances where imprest was not the most appropriate procurement method. It is noted that there have been improvements and a reduction in the type of expenditure going through local office imprest accounts since audits were undertaken of Knights Court in 2011/12 and Samuelson House in 2012/13. However, it was reported that there is still £10-15K cash payments being made out of the Knights Court office each week so this could be reduced further.
- It was noted that CEF does not use the RBS online system for cardholders and managers to review and approve procurement card transactions. A

separate administrative process has been developed in relation to this which appears to have some control weaknesses (for example lack of overview of all transactions by managers) which need to be reviewed and addressed. It also appears that the system in place is time consuming and bureaucratic.

- Some issues were noted in relation to authorisation of individual transactions. In relation to procurement card transactions, this included transactions that had not been approved at all as well as some which had been approved by staff members not included on the CEF Scheme of Financial Delegation.
- Issues relating to the creation of new invoicing plans (significant increase in workload due to individual lines having to be completed for each payment in an invoicing plan) and to making one off payment to vendors on invoicing plans (duplicate vendors must be created) since IBC went live have not yet been fully resolved. These issues have been raised with Hampshire and it has been reported that solutions are being investigated, however this is now becoming urgent as new invoicing plans must be in place for the new financial year.
- Insufficient supporting documentation was found for 34% of the procurement card transactions sampled (this included examples where there was no documentation at all, where there was a finance form but no receipt, receipt but no finance form etc). An example was also identified where an approved finance form had been photocopied to support the purchase of a food voucher / supermarket gift card. Of two purchases of supermarket gift cards noted, there was an insufficient audit trail linking the purchase of gift cards to receipt by the young person in one instance. VAT was found not to have been treated correctly in several instances. In relation to imprest payments sampled, the level of supporting documentation for the sample reviewed was generally good, however there was an example where it is was not possible to confirm who had received a cash payment, where receipts had not been provided and where a finance form had only been completed by one staff member resulting in a lack of segregation of duties.
- It was found that, with the exception of the South, there was a lack of information available for social workers and managers at an individual child / young person level on total payments made. Information maintained on allowances such as the setting up home allowance, where up to £2K is allowed per young person, differed between areas in terms of the format of information held, responsibility for maintaining information and in the detail of the information maintained. Whilst it is acknowledged that the directorate has limited resources available and that these must be prioritised, lack of availability of this detailed information could hinder effective budget monitoring.

Procurement Card Review 2015/16.

Opinion: Red	29 March 2016	
Total: 15	Priority 1 = 04	Priority 2 = 11
Current Status:		
Implemented	01	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	14	

Overall Conclusion is Red

Assurance cannot be provided that adequate controls are currently in place to mitigate against the risk of fraud or error. The system of internal control is weak and risks are not being effectively managed. Significant action is required to improve controls.

Initially the work planned by Internal Audit was to undertake a proactive fraud review of a sample of procurement card transactions across the Council, including Schools. In 2015/16 approximately £3 million has been spent on the purchasing cards (schools and corporate). Following the move to IBC and the changes in responsibility for managing some of these processes, this work was expanded to also undertake an audit of the controls / processes in place.

Whilst testing did not find any specific attempts to defraud the Council, there were purchases that were not made in accordance with policy. The audit identified a lack of strategic responsibility and corporate oversight for purchasing cards. There was a lack of compliance with key controls, in particular the application of management controls.

Childrens Social Care Management Controls - Missing Children

Opinion: Amber		
Total: 24	Priority 1 = 7	Priority 2 = 17
Current Status:	0	
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	24	

Overall Conclusion is Amber

There has been a strong drive in recent years to improve the missing children process, in particular in response to Operation Bullfinch and ensuring CSE risks are adequately managed. Key strengths noted during the audit include:

- All missing children processes are clearly documented and available to staff (flowcharts, procedure documents and guidance notes).
- There is joint working in place between agencies (e.g. OCC and TVP) which senior managers and members of the Missing Children's Panel interviewed described as effective, and has a positive impact upon outcomes. This is supported by the existence of the MASH and the Missing Children's Panel.
- Management information on key data is regularly produced and reviewed by the appropriate managers, so management are aware of the poor performing areas and steps have been taken to address these.
- The return interview forms require the interviewer to assess whether the CSE screening tool is required.
- Quality assurance checks of the return interviews have been recently established within Early Intervention and at the Missing Children's Panel (however it is too early to review the effectiveness of these).
- The audit observed that the structures are in place for an effective missing children's process in Oxfordshire. The challenge is to achieve adherence to these procedures, which is currently not happening across the board to a level which ensures a watertight missing children process. This will take a continued joint effort from management to fully embed these processes and establish accountability, including ongoing training for staff, discussion at meetings and oversight of quality and performance. Many of the key weaknesses noted in this audit report were already known about and being addressed by senior management, indicating a good process of risk escalation. These include:
- Although return interviews had been completed for 92% of all missing episodes, only 58% of CSC and 37% of EI interviews had been completed within the statutory 72 hour timeframe (as at November 2015). There are some data errors and gaps in process which may be negatively impacting these performance figures.
- Whilst the vast majority of return interviews are being completed, there is a significant challenge to complete these within the statutory timeframe. There

are circumstances which make the timeframe almost impossible to achieve in all cases.

- There is no performance monitoring of strategy meetings to check that these are held when the criteria have been met. In the audit sample of 10 there was 1 case where a strategy meeting should have been held when it was not.
- Missing children is not a standing agenda item on management and team meetings and supervision (since January 2016 it has been on CMT). Training on missing children has recently been provided to CSC but uptake was inconsistent and the Early Intervention Service has not received training.
- The quality of return interviews is variable - they are undertaken by many different staff members including schools, EI Hubs, social workers, and others. Quality assurance processes are yet to fully embed - these have been established for EI but similar QA processes have not been established for CSC, except for the cases which are reported to Panel.
- Missing children who are not open to CSC and have not yet been found are not reported to the service until they have been found. A gap in process was identified for children residing at Oxfordshire boarding and special schools who go missing.
- The majority of completed return interviews are not submitted to TVP thereby reducing their ability to maintain the most complete set of data and intelligence on missing children and quality assess the return interviews.
- Information requested by the Missing Children panel is not always provided by social care key workers, thereby limiting the effectiveness of multi-agency information sharing and decision making.
- Out of county placements do not routinely report children missing from their care to OCC, as per the requirements, and there is an absence of contract monitoring on compliance to the missing children process.

Key Financial Processes (Design of Controls)

Opinions:		
Red	Accounts Receivable	
Red	Banking and Cash Receipting	
Amber	Petty Cash	
Red	Procure to Pay	
Amber	Payroll	
Amber	Main Accounting	
Red	Business Data Upload Application	
Total: 69	Priority 1 = 45	Priority 2 = 24
Current Status:	0	
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	69	

The control environment for key financial systems has changed following the transfer of services to the IBC, this audit focussed on the design of controls for the elements of the end to end system within the responsibility of Oxfordshire County Council, i.e. the inputs to the financial systems, and the quality monitoring, and has been a proactive audit commissioned by the Chief Finance Officer to run in conjunction with the project stabilisation period. This audit has not identified any errors or losses, but has highlighted weaknesses in the system of control that need to be addressed. The following set out the key control issues identified:

General

A number of general findings were identified throughout the review, which included:

- Staff induction into the IBC processes was yet to be agreed.
- There is no guidance on OCC's intranet site on how to complete the Hampshire IBC SAP Portal access eform and which options to select when granting access.
- No regular oversight process for reviewing IBC approval levels, to ensure they have been processed correctly and are in line with the organisation's Schemes of Delegation. An exercise was completed during December 2015 by Finance Business Partners.
- The Joint Board's decision to align document retention was yet to be completed.

Accounts Receivable

The main findings in relation to Accounts Receivable are:

- Clear roles and responsibilities in relation to the new Corporate Income Team's oversight of the Council's corporate income process are yet to be documented.

- There is guidance on OCC's intranet pages on how to raise an invoice, but a lack of guidance and policy in relation to the rest of the Council's new corporate income processes.
- A webpage that refers to the previous Income Team at Unipart House, plus their contact details.
- No guidance on the intranet site on how to cancel a legacy SAP invoice.
- A lack of management information or exception reporting on risk areas within the income and debt management process.
- The IBC Portal's Aged Debt dashboard reports were not available to Cost Centre Managers to enable them to review and manage their debt levels, and support them in taking the necessary action.
- The IBC Portal's Customer Account tile was not available. This enables staff to review the current status of a customer's account, payments and any income due.
- There is no OCC guidance on what supporting evidence needs to be retained locally when creating new customers or changing customer details or when setting up a one off or recurring invoice.
- The current set up of the IBC's SAP system enables invoices to be cancelled twice. If an invoice is cancelled twice, this will result in the system generating a credit on the system.
- The IBC will periodically issue refunds to customers with credits on their accounts. There is no OCC approval for the refund to be issued as the IBC take the invoice cancellation processes as the approval that the invoice was not valid.
- Due to the brief title of the IBC's customer invoice e-mail, which does not fully represent the e-mail content, the e-mails are sometimes going directly into a customer's "SPAM" e-mail inbox or the customer is ignoring the e-mail altogether.
- At the time of the review, Corporate Services Scheme of Delegation (Financial) had not been updated to reflect any staffing changes or financial approval limit alterations.

Banking and Cash Receipting

The main findings in relation to Banking and Cash Receipting are:

- Clear roles and responsibilities in relation to the new Banking Team's oversight of the Council's corporate banking process are yet to be documented.
- There is guidance on OCC's intranet pages on holding and banking cash. However, the remainder of OCC's intranet pages need reviewing to ensure they cover all parts of the current banking and cash receipting process.
- The intranet pages that refer to requesting a bank account refer to the pre-IBC processes, the team based at Unipart House, plus their contact details.
- OCC's Non-Debtor Income Procedures are dated October 2013, so need reviewing and updating to reflect any changes with the move to the IBC.
- OCC do not currently produce or receive management information or exception reporting on risk areas within the banking or cash receipting process.

- Adult Social Care and the Music Service collate their direct debit spreadsheets, before sending them to the Corporate Income team to upload to the IBC. There was a lack of corporate visibility and sign off of the processes for collating the spreadsheets.
- The IBC do not send full details to customers informing them that their direct debit has been created, specifically the value of the payment and when the amount will be taken.
- OCC receive confirmation from the IBC that Adult Social Care direct debits have been set up, but they do not receive confirmation that all other requested direct debits have been created timely.
- Once an establishment or team has been set up to accept card income locally, there is no corporate oversight that these teams are Payment Card Industry Data Security Standard (PCI DSS) compliant.
- At the time of the review, Corporate Services Scheme of Delegation (Financial) had not been updated to reflect any staffing changes or financial approval limit alterations.

Petty Cash

The main findings in relation to Petty Cash are:

- OCC's income intranet pages need reviewing and updating to ensure they cover all parts of the imprest process.
- The intranet pages that provide guidance on imprest accounts still refer to the previous processes, the team based at Unipart House, plus their contact details.
- OCC do not currently receive management information or exception reporting on risk areas within the petty cash process.

Procure to Pay

The main findings in relation to Procure to Pay are:

- A need to determine and agree the role of the Commercial Services Board (CSB) in overseeing the P2P process and any monitoring of corporate management information.
- Clear roles and responsibilities in relation to the Corporate Procurement Team's oversight of the Council's corporate procurement process and their role in relation to the IBC are yet to be documented. At the time of the review, the team's job descriptions were currently being reviewed and updated.
- A dashboard report of management information for procurement is being developed (includes prompt payments, top suppliers, etc.).
- OCC do not currently receive or produce management information or exception reporting on risk areas within the P2P process.
- Areas where guidance was not available or required further detail, for example new vendor creations or changes documentation, evidence of approval to procure if the order is being coded to a cost centre that is not the responsibility of the individual's line manager and Invoicing Plan guidance.

- There is no guidance on what supporting evidence should be retained of approvals for purchases in excess of £500,000 (Level 0), to ensure compliance with the Scheme of Delegation.
- A lack of clarity as to which new supplier requests and supplier change requests are routed to OCC's Procurement Team for review and approval.
- Certain supplier requests and changes are routed to the Procurement Team for review. Although checks are taking place, these have not been documented and agreed.
- The IBC's Master Data Team (MDT) sees all new supplier and supplier change requests, and complete checks on the request. However, at the time of the review, there was a lack of clarity as to what checks the IBC's MDT is completing and what assurances OCC receive on these checks.
- At the time of the review, it appeared that when requesting a change of vendor details, you could change one field, but in the free text, type a different change.
- There is no process for how purchase orders should be treated if raised by someone who leaves OCC or moves to another team. Correspondence relating to the order will continue to be routed to the original requisitioner.
- The Procurement Team are completing checks on "Can't Find", "Service Shop" and "Simple Shop" shopping carts. However, these have not been documented and agreed.
- At the time of the review, any e-mail approval address can be entered into the Invoicing Plan eform. The IBC have also confirmed that although every Invoicing Plan must be approved, they do not then contact either the requisitioner or the approver to check they are appropriate.
- As Invoicing Plans are created outside the IBC's Portal process, they are cancelled via the "enquiry" form.
- Invoices which cannot be processed by the automated system at the IBC are not being promptly resolved and processed.
- There is currently no OCC Policy on accepting or not accepting credit notes.
- At the time of the review, there was no defined process at the IBC for processing credit notes.
- At the time of the review, a process for how identified duplicate payments should be dealt with and resolved has not been established.
- The Procurement Team are completing checks on One Time Vendor payments. However, these have not been documented and agreed.
- The Procurement Team receive an e-mail confirmation from the Cost Centre Manager that a One Time Vendor can be processed using the spreadsheet template. The Procurement Team does not currently check that this approval is in line with the relevant Scheme of Delegation limits.
- At the time of the review, there was a lack of clarity as to whether the IBC are rationalising OCC's vendor database.
- At the time of the review, the Procurement Team had drafted communication for the year end process (i.e. closing down orders, re-raising new orders), but this was yet to be agreed with the IBC and circulated within the organisation.

Payroll

The main findings in relation to Payroll are:

- The IBC currently produce a suite of Payroll Exception reports. However, there is no visibility at OCC of these reports, whether they have been produced, what issues they are highlighting and whether these are being investigated and resolved promptly.
- OCC do not currently produce or receive management information or exception reporting on risk areas within the payroll process.
- The Payroll Control team's details, previously based at Unipart House, are still available on the intranet site.
- Before processing certain HR transactions (i.e. recruit, honorarium, merit increment, recruit a casual worker, etc.), approval is required from the relevant Deputy Director, or equivalent. This is obtained by completing the HR eform on OCC's intranet site. There are currently no checks to ensure that before the HR transaction is processed on the IBC Portal, the relevant approval has been obtained. Additionally, there are no retrospective checks completed to ensure that a key HR transaction has obtained the appropriate approval.
- There is no management information produced to provide assurance that employees are using the IBC Portal's HR functions (i.e. work patterns, absence quotas, timesheets, etc.).
- Volunteer travel and expense claims could be approved by someone who is not the individual's line manager as the claimant selects the approver. The approver is any employee who has the IBC's Portal "Role A".

Main Accounting

The main findings in relation to Main Accounting are:

- OCC do not currently produce or receive management information or exception reporting on risk areas within the general ledger to ensure the integrity of the data within SAP.
- The organisations overarching financial guidance documentation does not appear to have been reviewed since the IBC go live date in July 2015. Financial Procedure Rules: some pages in the document date back to August 2009 and Financial Regulations: some pages in the document date back to August 2011.
- The organisation's Accounting Manual has not been reviewed and updated since the IBC go live date and contains out of date Lead Officer details. Additionally, the intranet guidance for obtained access to the manual has not been updated.
- Any e-mail address can be entered into the internal trading notification screen as the recipient of the notification. This can be the person raising the trade or someone without SAP Portal access.
- At the time of the review, there was a lack of OCC intranet guidance on why and when you should use Annualised Bill Plans.

Business Data Upload Application

The main findings in relation to the Business Data Upload Application are:

- The BDU process is inherently weak as it involves financial transactions being generated via a spreadsheet upload. Data is entered into a standard BDU template spreadsheet either manually or from a system data download. The file is then converted into a ".csv" file and uploaded into the BDU.
- There is an ongoing piece of work to rationalise and improve the upload processes for vendor invoices, as there have been a number of duplicate payments made and there continues to be ongoing application errors in the uploads submitted. The outcome of the work will be to remove as many payment types from the BDU as possible. Although there are some processes that have been or can be removed, the majority depend on system to SAP developments to facilitate a payment process that does not involve any manual intervention.
- A formal project will be instigated that will evaluate the system interface options for processing BDU payment files.

Quarter 1 Internal Audit Plan

Completion of 2015/16 audits.

The following audits will have a planned start date in quarter 1, depending on completion of 2015/16 work.

Directorate	Audit
Corporate/ EE	Capital Programme
SCS	Mental Health - Care Management Processes
SCS	Money Management (Deputyships)
CEF	Childrens Direct Payments
CEF	Thriving Families - Summer Claim
EE/ICT	Cloud Computing - Office 365
EE/ICT	Cloud Computing - Backup as a service

Quarter 1 - Counter Fraud Plan

Qtr	Activity
1	Review and update of fraud intranet pages & procedures
1	Review and update of Fraud Risk Register
1	NFI 2015 - completion of review of data matches
1	NFI 2016 - preparation including review of fair processing notices
1	Travel and Expenses proactive fraud review
1	Reactive work continued from 2015/16
Ongoing	Fraud awareness / identification of fraud risk areas
Ongoing	Development of counter fraud arrangements with City Council to include SPD work (Single Person Discount)

Quarter 1 Compliance Plan

Area	Scope
Scheme of Delegation Application	The review will determine the level of organisation compliance with each Directorate's Scheme of Delegation. Sample testing will be conducted on a range of approvals and decisions from across each Council Directorate.
Income VAT Coding	The review will determine the level of organisation compliance with income VAT coding. Sample testing will be conducted on a range of services from across each Council Directorate that have processed income and coded VAT.
Project Management Framework	The review will determine the level of organisation compliance with the Council's Project Management Framework. Sample testing will be conducted on a range of projects

Area	Scope
	across the Council.
Business Data Upload	<p>The review will determine the level of organisation compliance with the stated Business Data Upload (BDU) process.</p> <p>Sample testing will be conducted on a range of file types uploaded via the BDU system. Testing will also include visiting officers to ensure their pre-BDU file upload processes are effective.</p>

APPENDIX 6 Proposed PERFORMANCE INDICATORS 2016/17

	Performance Measure	Target	Frequency of reporting	Method
1	Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
2	Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
3	Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
4	% of planned audit activity completed by 30 April 2017	100%	Quarterly report to A&G Committee.	Internal Audit Performance Monitoring System
5	% of management actions implemented	90% of all management actions	Quarterly report to A&G Committee.	Action Management Tracking System

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Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE – 20 APRIL 2016

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2015/16

Report by the Monitoring Officer

INTRODUCTION

1. Each year the Monitoring Officer undertakes a survey of senior managers about the effectiveness of Internal Audit at Oxfordshire County Council. There is no longer a statutory requirement for a formal annual review of the effectiveness of Internal Audit, however this Committee last year agreed that the Monitoring Officer should continue to undertake this survey and report its outcomes to the Committee.
2. This report summarises the responses to the survey. In short, the survey of the extended County Council Management Team reveals a positive picture of the effectiveness of Internal Audit during the year 2015/16.

Annual Survey

3. Questionnaires were sent to the County Council's extended senior management team. This resulted in responses 29 responses (compared to 26 last year).
4. A full breakdown of the results is attached as an **Annex** to this report. The first part of the survey asked a series of questions to which respondents were invited to provide a rating in answer (from strongly agree through neutral to strongly disagree).
5. Overall the results are very favourable. Three core questions demonstrated a strong level of satisfaction about the nature and effectiveness of the service albeit that the positive results were slightly down on the previous year:
 - **93%** of respondents agreed or strongly agreed that the Service was **proactive in giving adequate information** about its role/purpose (this is an encouraging improvement on last year's figure of 81% last year, and also exceeds by 1% the figure for 2013/14). No one disagreed.
 - **73%** agreed or strongly agreed that the Service was **independent** (this was 77% last year and so reflects a marginal decrease). No one disagreed.
 - **83%** agreed or strongly agreed that the Service **consulted on key risks or critical systems** in their area (an increase from 77% last year). No one disagreed.

- **71%** agreed or strongly agreed that the Service was effective in delivering **improvements to the control environment**. (73% last year). No one disagreed.
6. This year, the survey included a question about respondents' awareness (or otherwise) about the accountability framework, from services to elected members:
- **90%** agreed or strongly agreed that they were aware that Internal Audit reported into the Audit Working Group and Audit & Governance Committee and that officers could be requested to attend meetings of both.
7. The survey then asked respondents to **rate** the overall level of service – with 93% of respondents considering the service to be 'good to excellent'.
8. Dispensing with previous' years questions as to what the service should start, stop or continue doing, the survey asked two open-ended questions seeking views on 'high value activity' and 'instances of concern'. The responses to both of these are included in the Annex.

CONCLUSION

9. There were no issue as regards the integrity, or capability, of any of the officers of Internal Audit; the comments continue to reflect that the service is well-regarded.
10. It is encouraging that respondents considered themselves to be aware of the proactive information from Internal Audit. Awareness of the governance regime, and Internal Audit's connection to it, was also positive.

RECOMMENDATION

11. **The Committee is RECOMMENDED to note and comment upon the report.**

NICK GRAHAM

Monitoring Officer and Chief Legal Officer

Contact officer: Glenn Watson, 01865 815270.

April 2016

Review of the Effectiveness of Internal Audit 2015/16

29 responses were received to the **survey**. This summary shows answers to the 'ratings' questions and also to the 'comment' questions.

Summary of Results**A. Ratings questions**

Detailed breakdown for ***'I've been given adequate information about the role and purpose of Internal Audit.'***

Option	Results	Count
Strongly Agree	29%	(8)
Agree	64%	(18)
Neutral	7%	(2)
Disagree	0%	(0)
Strongly Disagree	0%	(0)

Detailed breakdown for ***'I am consulted by Internal Audit on the key risks and critical systems in my area.'***

Option	Results	Count
Strongly Agree	31%	(9)
Agree	52%	(15)
Neutral	17%	(5)
Disagree	0%	(0)
Strongly Disagree	0%	(0)

Detailed breakdown for ***'I am satisfied that Internal Audit is independent.'***

Option	Results	Count
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Strongly Agree	21% (6)
Agree	52% (15)
Neutral	28% (8)
Disagree	0% (0)
Strongly Disagree	0% (0)

Detailed breakdown for ***'I am given an opportunity to comment on Internal Audit's work plans.'***

Option	Results Count
Strongly Agree	28% (8)
Agree	38% (11)
Neutral	17% (5)
Disagree	17% (5)
Strongly Disagree	0% (0)

Detailed breakdown for ***'I can discuss the relevance of the planned audit activity throughout the year, and I have the opportunity to request other areas to be looked at where assurance is required.'***

Option	Results Count
Strongly Agree	34% (10)
Agree	45% (13)
Neutral	17% (5)
Disagree	3% (1)
Strongly Disagree	0% (0)

Detailed breakdown for ***'On individual audit assignments, where appropriate, I have an opportunity to provide input to the planning of Internal Audit work.'***

Option	Results	Count
Strongly Agree	34%	(10)
Agree	48%	(14)
Neutral	17%	(5)
Disagree	0%	(0)
Strongly Disagree	0%	(0)

Detailed breakdown for ***'Internal Audit reports are timely, practical and support managers in the management of their key risks.'***

Option	Results	Count
Strongly Agree	21%	(6)
Agree	48%	(14)
Neutral	28%	(8)
Disagree	3%	(1)
Strongly Disagree	0%	(0)

Detailed breakdown for ***'Internal Audit is effective in delivering improvements to the control environment.'***

Option	Results	Count
Strongly Agree	21%	(6)
Agree	50%	(14)
Neutral	29%	(8)
Disagree	0%	(0)
Strongly Disagree	0%	(0)

Detailed breakdown for ***'I am aware that Internal Audit reports are reported to the Audit Working Group and Audit & Governance Committee and that I may be obliged to attend as appropriate'***

Option	Results Count
Strongly Agree	52% (15)
Agree	38% (11)
Neutral	7% (2)
Disagree	3% (1)
Strongly Disagree	0% (0)

Please rate your view of the overall performance of Internal Audit in your experience during 2015/16.

1 being 'poor' and 10 being 'excellent'. 1 2 3 4 5 6 7 **X** 8 9 10

B. Comments

(i) Indicate any instances of high value activity that you experienced with Internal Audit during 2015/16

- Useful input into improving the Integrated Transport Hub compliance with improving safeguarding of cyp/vulnerable adults on commissioned transport
- Strong focus and follow-through on safeguarding in transport services including the engagement of CCMT, E&E and SCS.
- Provision of Risk Training and support with Fraud issues
- Investigation into concerns re missing monies
- Excellent interaction and service from Tessa Clayton with a recent audit. She is very perceptive and a great auditor who gets to the crux of any issues.
- Hampshire IBC issues
- Support for internal communications audit was very helpful

- Review of ITU.

(ii) Indicate any instances of concern that you experienced that might help us improve the effectiveness of Internal Audit.

- Audits took too much of some Tier 3 managers' time given other operational and strategic workload pressures... Belatedly I understood that this auditor was undertaking this exercise with all Tier 3 managers in CEF to update the corporate risk register...
- Not sure if the overall approach really looks at the strategic risks to the service or the council, as it generally seems to look at one area or lower level process.

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Division(s): All

AUDIT & GOVERNANCE COMMITTEE – 20 APRIL 2016

PROGRESS REPORT ON THE ACTIONS IN THE 2014/15 ANNUAL GOVERNANCE STATEMENT

Report by the Chief Legal Officer and Monitoring Officer

Introduction

1. Audit & Governance Committee approved the Annual Governance Statement (AGS) for 2014/15 in July 2015. This included six actions to be followed up by the relevant corporate lead and/or directorates in 2015/16. This is the final progress report on the actions and will be reflected in the 2015/16 Annual Governance Statement.

Update on actions

2. Annex 1 sets out the progress on each of the actions followed up in 2015/16. Four of the actions are now complete or will continue to be monitored as part of business as usual. The following two actions need further follow up in 2016/17:

Action 2: While progress has been made against the actions for 2015/16 the role of the Commercial Services Board (CSB) needs to be broadened and further enhanced with a strong support mechanism to help drive robust and cross-cutting commercial behaviour and embed commercial practice and capability.

Action 4: While there has been significant progress to date the on-going action related to Hampshire Partnership, through the stabilisation period it has been identified that the business readiness has not been as effective as expected and there are areas of financial control that require improvement, including management reporting and oversight. This will be reflected in the 2015/16 Annual Governance Statement.

RECOMMENDATION

3. **The Audit & Governance Committee is RECOMMENDED to note the progress on the actions.**

NICHOLAS GRAHAM

Chief Legal Officer and Monitoring Officer

Background papers: Annual Governance Statement 2014/15, which is published with the Statement of Accounts and available on the council's website:

<https://www.oxfordshire.gov.uk/cms/sites/default/files/folders/documents/aboutyourcouncil/counciltaxandfinance/auditandaccounts/StatementofAccounts2014-15.pdf>

Contact Officer: Kathy Wilcox, Finance Business Partner (01865) 323981

April 2016

Annex 1 – 2014/15 AGS Actions Progress Report for Quarter 4

Action	Progress
<p>1. Data Quality (on-going from 2013/14)</p> <p>For each major or critical database held by the Council, identify what are the necessary, realistic and affordable features that there should be to ensure that an appropriate level of data quality is reached.</p> <p>Check if these features are in place and effective.</p> <p>Then if possible make changes so that any features that are missing or weak are put in place or improved.</p> <p>Then report back on this process. List any remaining changes that need to be implemented and whether, when and how this will be possible.</p>	<p>The report to Audit & Governance Committee in November 2015 set out a series of actions in a two stage plan.</p> <ul style="list-style-type: none"> • Stage 1 – Actions that could be completed or significantly progressed up to 31 March 2016 • Stage 2 – A longer run programme of work that was likely to span 2016/17 and 2017/18 <p>Areas for Data Quality Improvement – a combination of the information gathered from Information Asset Registers along with the business systems priorities (as defined by the Business Continuity Stakeholders Group (BCSG)) will be used to set out an approach and publish an appropriate timeline. Further work has been carried out to set out the approach and an improvement timeline has been published in preparation for the start of the main work from 1 April 2016. A formal project has been created to ensure that there is a clear scope and effective governance with an agreed timescale.</p> <p>Data Quality on Priority 1 Systems – Some of the Council's 30 Priority 1 systems already have mechanisms for data quality built in. ICT will ask for advice from the suppliers of the priority systems to find out what is available and then introduce changes where it is appropriate to do so and with support from the Directorates.</p> <p>Using the council's defined Priority Systems list (as agreed with the Business Continuity Stakeholders Group), ICT are writing to all suppliers to ask them to confirm what functionality or features already exist in their business systems and whether they are already enabled or not. Standard CIPFA definitions will be used to measure Data Quality as set out in the Council's Data Quality Policy.</p>

Action	Progress
	<p>Some Service areas already carry out 'data checking' activities as part of their Service Monitoring and Reporting responsibilities. Spot checks will be introduced on a regular basis for all Priority 1 systems using the standard Data Quality Principles as set out in the Data Quality Policy. ICT will publish regular reports on those findings. The intention was to have introduced a consistent regime of basic data quality 'spot checks' on all Priority 1 systems by the end of March 2016, however, that has not been completed yet. By the end of May 2016, ICT will have used the information gathered from the suppliers to set out a timeline and to have created a scope for the 'spot checks'.</p> <p>ICT continues to regularly publish intranet articles about security and Information Management and is working towards developing a mandatory online training course to provide a firm grounding in the principles of data quality, what that means and its importance.</p> <p>Status: On-going as part of business as usual.</p>
<p>2. Commercial Services Board (ongoing from 2013/14)</p> <p>1. Communicate the role of the Commercial Services Board and ensure that its requirements are fixed in place in the Council.</p> <p>2. Implementation of the Contract Management Framework</p> <p>3. Development of the County Procurement Team including resources to support the ongoing work of the Commercial Services Board and implementation of the contract management framework.</p> <p>4. Tackling instability arising out of the externalization agenda and the effect on SAP governance and control mechanisms</p>	<p>The Commercial Services Board terms of reference and governance arrangements have been reviewed and revised. . A Gateway Review Panel has been created and has now met twice and given feedback and direction about contract management and the long term planning that should underpin that. In light of experience to date the Terms of Reference and governance arrangements for the Panel will be reviewed on 15 April 2016 with any changes put in place for 2016/17.</p> <p>A business case training programme involving 90 managers took place in February & March 2016. The training was well received and has raised awareness of commercial skills and built capability across the council. 91 contract managers have also been engaged in the 'passport to practice' program relating to contract management.</p> <p>The implementation of a Contract Management System has been agreed by the Commercial</p>

Action	Progress
	<p>Services Board. The Corporate Procurement Lead, who is now in post, is leading on the procurement of the system with full implementation planned for summer 2016.</p> <p>Status: Ongoing</p>
<p>3. Business Continuity (BC) (ongoing from 2014/15)</p> <p>1. Increase awareness and scrutiny of BC when buying in or outsourcing activity</p> <p>2. Ensure that flexible and agile working takes account of the need for BC</p> <p>3. Improve links between Directorates and the Business Continuity Steering Group (BCSG)</p> <p>4. Improve the Priority 1 exercise programme</p> <p>5. Improve awareness of Business Continuity across the organisation</p> <p>6. Use the good practice guide to improve BC generally</p>	<p>Awareness has improved but is expected to remain an issue as budgetary pressures and commissioning activity change.</p> <p>Awareness has improved but continues to need to be considered as part of the agile working programme in 2016/17.</p> <p>Awareness of the value of BC is being raised through directorate level BC exercises and the response to events in 2015/16.</p> <p>Directorate level BC exercises continue. An exercise for Customer Services took place in February 2016. Corporate Services will take place in May 2016, and Children, Education and Families and Social and Community Services Directorates will exercise in October 2016. In November a Communications & Media exercise successfully engaged partner agencies across Oxfordshire and examined continuity arrangements around a major incident with both BC and emergency response requirements.</p> <p>This action is on target and will continue through to Business Continuity Awareness Week in 2016 and also with any new partnerships or devolution arrangements.</p> <p>This action is ongoing - the Business Continuity Institute (BCI) Good Practice Guidelines have been adopted by BCSG and will be adopted formally by the council in the new BC strategy for 2016, which is due to be published shortly. This includes strategy and framework, lifecycle and review, and will introduce outstanding elements such as Business Impact</p>

Action	Progress
<p>7. Scrutinise the Business Continuity resilience of new projects. Notably the Integrated Business Centre and the Joint Fire Control, to support bedding in for the first year.</p>	<p>Assessments.</p> <p>Action complete for 2015/16. New projects can be identified for 2016/17.</p> <p>Status: Action complete but activity and awareness needs to become further embedded as part of business as usual.</p>
<p>4. Externalisation of Human Resources and Finance Services (ongoing from 2014/15)</p> <p>Setting up, implementing and fixing in place our new operating model includes extensive working with another public body and other work. This work continues as Hampshire take on this role in July 2015.</p>	<p>Transactional Human Resources and Finance activities carried out across the council transferred to the Hampshire IBC in July 2016. Since then the Hampshire partnership has provided shared Corporate Services for Hampshire County Council, Hampshire Fire & Rescue, Hampshire Constabulary and Oxfordshire County Council.</p> <p>As anticipated, the first six months of operation were a significant challenge in terms of the scale of business change required, the embedding of new ways of working and the resolution of a range of first time events associated with the transfer of data and business practice.</p> <p>A jointly agreed stabilisation process has been implemented to address these issues in a collaborative way and as a result these are reducing in volume and scale as the model embeds and the six month update as at January 2016 noted that the council was in a much improved position compared to three months earlier.</p> <p>The council continues to work closely with Hampshire County Council to understand and respond to remaining issues and has implemented a number of mechanisms to ensure a swift resolution.</p> <p>Operational and Strategic Boards have been established which bring together all the four partners who will benefit from future investment. A programme of enhancement is currently underway with further developments scheduled</p>

Action	Progress
	<p>for 2016.</p> <p>Status: The initial implementation and six month stabilisation period is complete. A further update on on-going issues is expected in early 2016. There are a number of areas in which improvements are required in the internal processes within the council to align with the IBC processes to make the model work efficiently. This will form a new AGS action in 2016/17.</p>
<p>5. Strategic Risk Register</p> <p>The Strategic Risk Register to be refreshed and agreed by CCMT, with a quarterly review, including management assurance on the effectiveness of the mitigation for the Strategic Risks</p>	<p>The Corporate Risk register has been reviewed by CCMT, and updated. Risks are all owned by a member of CCMT. The risk register was presented to the Audit Working Group on 4 February 2016.</p> <p>CCMT will be formally reviewing the risk register quarterly.</p> <p>Status: Complete</p>
<p>6. Supported Transport for Children</p> <p>To ensure full implementation of the children's safeguarding standards framework for the transport service and the provision of assurance that these arrangements are effective.</p>	<p>The Supported Transport Governance Group reported progress against the safeguarding action plan to County Council Management Team (CCMT), and the Audit Working Group (AWG).</p> <p>The latest report to the AWG and CCMT confirmed that key risks are now being mitigated with processes and procedures developed and management controls in place. The volume of service users requiring risk assessments and passenger passports means the project has not yet completed, but is within an acceptable timeframe. The programme of safeguarding training is being delivered and enforced; and a key achievement has been the development of a joint operating framework with the licencing authorities. The management controls and quality framework have identified areas requiring performance improvement, and actions have been put in place to address these teams.</p> <p>Status: Complete – Further actions will be progressed and monitored in 2016/17 as part of the on-going project.</p>

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Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE – 20 APRIL 2016

ANNUAL MONITORING OFFICER REPORT

Report by the Monitoring Officer

Introduction

1. The Audit and Governance Committee is responsible for promoting standards of conduct for elected councillors and co-opted members and for ensuring the integrity of the democratic decision-making process. Consequently, the Monitoring Officer reports annually to this Committee on relevant actions and issues that have occurred in the previous year. This report therefore summarises certain activities for the year 2015/16.

The Committee's responsibilities for ethical standards

2. The terms of reference of the Audit and Governance Committee contain the following roles:
 - To promote high standards of conduct by councillors and co-opted members
 - To grant dispensations to councillors and co-opted members from requirements relating to interests set out in the code of conduct for members
 - To receive report from member-officer standards panels appointed to investigate allegations of misconduct under the members' code of conduct.
 - To advise the Council as to the adoption or revision of the members' code of conduct.
3. This regime, stemming from the Localism Act 2011, demonstrates the Council's expectation that high standards of conduct will continue to be promoted and maintained among elected councillors and co-opted members.

Standards in Oxfordshire – overview of arrangements

4. The county, district and city councils in Oxfordshire maintain harmonised **Codes of Conduct**. This has the benefit of creating transparency and accountability for the public and also clarity of expectation for councillors who may also be members of more than one authority. This harmonisation is itself a key aspect in promoting and maintaining high standards across Oxfordshire. The Code is also held out to parish and town councils as a model to follow.

5. While each authority has adopted slightly different approaches to **handling complaints** about councillor conduct, there is a common theme of proportionality in these arrangements, as envisaged by the Localism Act. The Council has recruited/appointed an additional 'independent person' as envisaged under the Act, to support these arrangements. The Monitoring Officer therefore has two such persons to assist him in reviewing complaints.
6. In brief, the complaints process adopted by Oxfordshire County Council is as follows:
 - Each complaint is considered by the Monitoring Officer who, after consultation with the Independent Person, decide whether it merits formal investigation
 - The Monitoring Officer may seek to resolve issues informally without the need for formal investigation
 - The Monitoring Officer will determine the procedure to be adopted if a formal investigation is considered appropriate and this may involve the appointment of an Investigating Officer
 - The member complained of will normally be provided with a copy of the complaint
 - Following an investigation a report will be prepared for the Monitoring Officer, copied to the member concerned
 - Following consultation with the Independent Person the Monitoring Officer may decide that the report is sufficient and that no further action is required
 - If there is evidence of failure to comply with the Code, the Monitoring Officer will either seek local resolution or constitute a local hearing through a Member Advisory Panel
 - A Members' Advisory Panel may only recommend certain sanctions:
 - Censure or reprimand
 - Publish its findings
 - Report its findings to full Council
 - Recommend removal from relevant body e.g. Cabinet, Committee etc.
 - Recommend training
 - Withdraw facilities
 - There is no right of appeal
7. The Members' Advisory Panel will be formed of members of this Committee.
8. In addition to these measures, the Council has implemented Register of Interests arrangements that are fully compliant with the Localism Act and subsequent government guidance and regulations.

Council governance

9. During the course of the year, the Chief Executive resigned from the Council and Full Council made new appointments to the positions of Head of Paid Service (Mr Peter Clark) and Monitoring Officer (Mr Nick Graham). The

Constitution was amended accordingly to reflect these changes and to ensure business continuity.

Democratic process

10. Clarity and accountability in the decision making of the Council is an important bedrock for good member governance. Key to this is the diversity of representation and experience of county councillors. As such, during the year, Full Council asked this Committee to consider what changes the Council could make which might widen the demographic representation of candidates/councillors from the forthcoming May 2017 elections. The Committee appointed and received a report from a Councillor Profile Working Group which produced recommendations. The Committee largely approved these, endorsing (for instance) revised webpages on becoming a councillor, a potential public event explaining the role of a county councillor to engender interest, and the piloting of the filming of member development sessions for members to view online.
11. Given the Committee's role in overseeing good member governance, it is also appropriate to update this Committee from time to time on the exercise of aspects of this structure including:
 - Closed sessions – instances where the public have been excluded from meetings by virtue of the business being transacted
 - Cabinet Forward Plan – instances in which exceptions have occurred to the inclusion of items in the Forward Plan
 - Scrutiny call-in – instances where exemptions to the call-in procedures have been awarded by virtue of urgency of the business in question
 - Chief Executive decisions – instances where the Chief Executive has used delegated powers to undertake any function of the Cabinet

Closed Sessions

12. The public can be excluded from the whole or part of a meeting if the meeting is to discuss confidential or exempt information (as set out in Schedule 12A of the Local Government Act 1972, as amended). The Monitoring Officer, in his role of ensuring lawful decision making, has reviewed the number of times this has happened over the past year. The results are set out in the **Annex 1** to this report. In each case, the Monitoring Officer is satisfied that the reasons for closure were appropriate.

Cabinet – Forward Plan

13. Items for decision by the Cabinet over any forthcoming four-month period are included in a Forward Plan. Occasionally, decisions are needed on items that have not been included on a Forward Plan. These are dealt with by General Exception notices to the Forward Plan. The Monitoring Officer reviewed the instances in which this occurred and was satisfied with the reasons in each case. **Annex 2** lists the instances. It also lists items included as a matter of special urgency plus additional non-key-decision items.

Scrutiny Call-In

14. The Council's Scrutiny Procedure Rules (Rule 17a) allow for executive decisions to be **exempted from call-in** if they are deemed urgent and any delay would prejudice the council's interests. There were **no such instances** in 2015/16.

Head of Paid Service – 'Cabinet Decisions'

15. Under the Council's Constitution, the Head of Paid Service has delegated powers to undertake any function of the Cabinet after appropriate consultation. Any exercise of this function is reported to the Cabinet. During the year 2015/16 this delegation was exercised on 4 occasions; all were related to exemptions to the requirements of the Contract Procedure Rules and required (and received) a legal (County Solicitor) and financial (Chief Finance Officer) appraisal.

The Monitoring Officer

16. Monitoring Officers from Oxfordshire's county and district councils have continued to meet together to discuss issues of common concern. This comparison of experiences has been particularly useful in monitoring the operation of the harmonised codes of conduct and the registration of members' interests. It also proved useful through the development of Special Interest Groups – which involve the sharing of good practice around a range of legal, democratic and electoral issues which are then reported to the overall Monitoring Officer group.

Modern.Gov, transparency and access

17. Modern.Gov is the software package adopted by the Council (and also used in some district councils across Oxfordshire) for creating, tracking and publishing council meeting agendas, reports and minutes. It also contains a module for elections which was initially successfully used in the May 2013 county council elections and subsequent by-elections.
18. The system also manages the Council's Forward Plan and councillors' web pages are also updated using information from the system, including responsibilities (such as Chairman or Cabinet Member), committee appointments, as well as appointments to outside bodies. The system is also able to publish (on the website) parish council contact names and details.

To Promote and Maintain High Standards of Conduct by Councillors and Co-opted Members

19. It is a core duty of this Committee to promote and monitor high standards of conduct by councillors and co-opted members.

20. During 2015-16, the Monitoring Officer continued the process of member development and conference attendance. Scrutiny committee chairmen took part in a cluster of development activities led by the Institute of Local Government. A joint event was held between all councillors and Oxfordshire MPs on budget matters. Additionally, members generally took part in briefings with regard to:
- Safeguarding
 - Unitary status issues
 - Service and resource planning
 - Treasury management
 - Future of Children, Education and Families services
21. In addition, the Monitoring Officer issues guidance to members (by email) to give advice on a number of topics including:
- Disclosable Pecuniary Interests
 - Dispensations with regard to the February budget setting meeting
 - Bias and predetermination
 - Unitary status – issues around interests and voting

To advise the Council as to the adoption or revision of the members' code of conduct.

22. To enable the Committee to advise the Council on adopting or revising a members' code of conduct, it is important that the Committee is kept up to date with any issues arising from the operation of the code, both in terms of experience and any future amendments to the regulations or legislation.

Declaration of interests

23. There is still a requirement to declare disclosable pecuniary interests at meetings if they are not otherwise included in the Register and to register them thereafter. Declarations need to be made unless a dispensation has been given. It is useful for this Committee to be updated on the instances in which these provisions have been observed.
24. The usual safeguards are in place including a reminder to members of the need to declare interests at all meetings, and all agendas contain a standard item headed "Declarations of Interest". The item refers to detailed guidance attached to the agenda setting out how and when to declare an interest.

Number and Outcome of Applications for Dispensations

25. There have been no applications for dispensation.

The Number and Nature of Complaints of Breaches of the Code

26. There have been **two** new complaints against members during 2015-16 and one case from the previous year was also concluded. In the two new complaints, both alleged, effectively, that disrespect had been shown in communications. The complaints can be summarised as follows:

Complaint/allegation	Outcome
Disrespect shown in communications	No breach – voluntary apology given
Disrespect in tone during a meeting	No breach – voluntary apology offered
Inappropriate representations made to a Committee	No breach NB this complaint arose in 2014/15

Summary

27. This annual review highlights the progress that has been made in implementing the code of conduct for members and in promoting and maintaining high standards of conduct and public accountability.

RECOMMENDATION

28. **The Committee is RECOMMENDED to consider and endorse the report.**

NICK GRAHAM

County Solicitor and Monitoring Officer
Contact: 01865 323910

Contact officer: Glenn Watson, Principal Governance Officer, 01865 815270.

April 2016

Closed sessions – exempt reports

Committee/Cabinet member	Date	Provision (see note)
Pension Fund	5 June 2015	3
Remuneration	10 June 2015	1, 3 and 4
Remuneration	23 June 2015	1, 3 and 4
Remuneration	6 July 2015	1 and 3
Cabinet	21 July 2015	3
Pension Fund	4 September 2015	3
Cabinet	20 October 2015	3
Pension Fund	4 December 2015	3
Remuneration	10 December 2015	1, 3 and 4
Pension Fund	29 January 2016	3
Remuneration	2 February 2016	4
Pension Fund	11 March 2016	3
Appeals & Tribunals Sub-Committee	Various dates (x 26)*	1, 2 and 3
Pension Benefits Sub-Committee	Various dates (x 11)*	1,2 and 3

* These Sub-Committees hear individual personal appeals

Provisions

1. Information relating to any individual
2. Information likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)
4. Information relating to any consultations or negotiations or contemplated consultations or negotiations in connection with any labour relations matters arising between the authority or a Minister of the Crown and employees of or office holders under the authority
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings

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General Exceptions to the Forward Plan

Access to Information Procedure Rules Paragraph 16 Special Urgency

None.

Access to Information Procedure Rules Paragraph 15 General Exception – Key Items

Household Waste Recycling Centre (HWRC) Strategy

To seek approval for the go ahead for a public consultation on the HWRC strategy.

Proposals on the Future of Subsidised Bus Services

To consider seeking comments from members of the public on the available bus usage data.

Additions/Changes of date to the Forward Plan – Non Key items

Learning Disability Health Provision

To seek a decision in respect of the current contract for learning disability health services.

Proposed Amendments to Residents Parking Scheme - Henley

To seek approval of the proposals

Proposed Parking Restrictions – Sandhills Area, Oxford

To seek approval of the proposals.

Learning Disability Health Provision

To consider the position in respect of the current contract for learning disability health services.

Chipping Norton – Intermediate Care

To seek approval to undertake a public consultation on intermediate care beds.

Devolution

To consider the expression of interest for devolution to Oxfordshire that was submitted to government on 4 September and refer this report on to Council on 3 November for a full debate.

Adult Social Care – Workforce Development Strategy

To seek approval for the Adult Social Care Workforce Strategy.

Proposed Parking Restrictions – Various, Cholsey

To seek approval of the proposals.

Proposed Disabled Parking Places – Oxford City, Cherwell & West Oxfordshire

To seek approval of the proposals.

Sign Off for Oxfordshire Fire & Rescue Service’s Participation in the Emergency Services Mobile Communication Programme (ESMCP)

Department for Communities & Local Government (DCLG) require Fire & Rescue Services to sign up to the ESMCP by 25 March 2016 – the report seeks approval to participate in the programme.

Proposed Parking Restrictions – Various, Cholsey

To seek approval of the proposals.

Proposed Parking Restrictions – Various, Cholsey

To seek approval of the proposals.

Courtauld 2025 Signatory Commitment

To seek approval for Oxfordshire County Council to sign the Courtauld 2025 Signatory Commitment. The Courtauld Commitment 2025 is an ambitious ten-year voluntary agreement that brings together organisations across the food system – from producer to consumer – to make food and drink production and consumption more sustainable.

Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE - 20 APRIL 2016

CODE OF CORPORATE GOVERNANCE

Report by the County Solicitor and Monitoring Officer

Introduction

1. The Audit & Governance Committee has within its Terms of Reference responsibility for governance. The views of the Committee are therefore sought on the Code of Corporate Governance a copy of which is included as an Annex to this report.
2. The Code is a key feature of the Council's corporate governance framework. The Council had previously agreed that the Code should be reviewed by Committee every two years. The Monitoring Officer has therefore reviewed the Code with appropriate managers and has updated the evidence column.

Origin and purpose of the Code

3. The Code of Corporate Governance builds on the key elements of good governance including:
 - robust systems and processes
 - effective leadership
 - high standards of behaviour
 - a culture based on openness and honesty and
 - an external focus on the needs of service users and the public.
4. Corporate governance, as an issue, came to prominence in early 1990 following several major financial scandals. Subsequent reports that looked at local government identified ten principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership, respect for others, duty to uphold the law and stewardship (using resources prudently).
5. In 2012, the Chartered Institute of Public Finance and the Society of Local Authority Chief Executive's produced updated guidance identifying the principles that should underpin the governance of each local authority, and advocating a structured approach to assist individual authorities to achieve good governance. A framework of national guidance on corporate governance was developed as a result.
6. This has been widely adopted by individual local authorities – including Oxfordshire - within their local codes. Until recently, external auditors'

judgements on the Council's performance also took the Code into account. This is no longer the case.

7. Now, in the changing context of local government, with more emphasis placed on efficiency, transparency, accountability and engagement, the Code serves as a practical evidence base of a commitment to good governance. This is distinct from the Annual Governance Statement which the Council considers to be the prime statement of its corporate governance framework and which describes how the Council has complied with the Code.
8. It is proposed that the Code should continue to be formally reviewed every two years.

Content and amendments

9. The Code is structured around six principles:
 - An emphasis on the purpose of the authority and on outcomes for the community; creating and implementing a vision for the local area
 - Councillors and officers working together to achieve a common purpose with clearly defined functions and roles
 - Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - Developing the capacity and capability of councillors and officers to be effective
 - Engaging with local people and other stakeholders to ensure robust public accountability.
10. A range of evidence is therefore listed under each of these themes within the Code. No major changes are envisaged at this time. Rather, the 'evidence column' has been updated by the relevant officers to include more recent initiatives, policies and plans which demonstrate the Council's compliance.

RECOMMENDATIONS

11. **The Committee is RECOMMENDED to:**
 - (a) **comment upon the Code;**
 - (b) **subject to any amendments agreed at the meeting, amend and update the Code of Corporate Governance for Oxfordshire County Council;**
 - (c) **agree that the Code continues to be reviewed every two years.**

NICK GRAHAM
Monitoring Officer

Background Papers: Nil

Contact Officer: Nick Graham Tel: (01865 323910)

April 2016

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CODE OF CORPORATE GOVERNANCE



WHAT IS CORPORATE GOVERNANCE?

1. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads its communities.
2. Corporate governance in public bodies can be defined as “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”. It can be further defined as including “robust systems and processes, effective leadership and high standards of behaviour, a culture based on openness and honesty and an external focus on the needs of service users and the public”.

GUIDANCE AND FRAMEWORK

3. Corporate Governance as an issue came to prominence in early 1990 following several major financial scandals. Subsequent reports that looked at local government identified ten principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership, respect for others, duty to uphold the law and stewardship (using resources prudently).
4. In 2012 Cipfa & SOLACE produced an updated guidance and framework with the identified principles that should underpin the governance of each local authority, and a structured approach to assist individual authorities to achieve good governance.
5. Good governance means:
 - Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
 - Councillors and officers working together to achieve a common purpose with clearly defined functions and roles
 - Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - Developing the capacity and capability of councillors and officers to be effective
 - Engaging with local people and other stakeholders to ensure robust public accountability.
6. The Framework urges local authorities to test their structures against these principles by:
 1. Reviewing their existing governance arrangements against the Framework

2. Developing and maintaining an up-to-date local code of governance including arrangements for ensuring its ongoing application and effectiveness
 3. Preparing a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.
7. The preparation and publication of an annual governance statement in accordance with this Framework is necessary to meet the statutory requirement set out in Regulation 4(2) of the Accounts and Audit (England) Regulations 2011 for authorities to prepare a statement of internal control in accordance with “proper practices”.
- Internal control and risk management are increasingly recognised as important elements of good Corporate Governance.
 - The scope of internal control spans the whole range of the Council’s activities and includes controls designed to ensure that:
 - The Council’s policies are implemented in practice;
 - High quality services are delivered efficiently and effectively;
 - The Council’s values and ethical standards are met;
 - Laws and Regulations are complied with
 - Required procedures are adhered to;
 - Financial statements and other published performance information is accurate and reliable;
 - Human, financial, environmental and other resources are managed efficiently and effectively.
8. The Regulations place a requirement on the Council to conduct at least an annual review of the effectiveness of its internal controls and identify areas where improvements can be made.

POSITION IN OXFORDSHIRE

9. The implementation of the Accounts and Audit Regulations 2003 (as amended) required the production of a Statement on Internal Control, which formed part of the Council’s Statement of Accounts. The Council’s Cabinet determined that this statutory assessment was the preferred assurance statement for the Council on Corporate Governance matters. The Audit Committee has approved a Corporate Governance Assurance Framework, which sets out the Corporate Governance arrangements within the Council and sets out the roles and responsibilities of key Officers, Councillors and Committees within that process.
10. This Local Code of Corporate Governance sets out how Oxfordshire County Council complies with the requirements of the Code and identifies key documents, which provide detailed information as to how the Council ensures these Corporate Governance principles are adhered to.

11. Reviewed and updated by the **Audit & Governance Committee**.

12. Review Date: **April 2018**

Nick Graham
Monitoring Officer

Principle 1 – Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

Supporting Principles:	Oxfordshire County Council commits itself to:	Evidence that the Council complies with these requirements:
<p>1.1 exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users</p>	<p>1.1.1 develop and promote the authority's purpose and vision</p>	<p>OCC Fire & Rescue service Community Risk Management Plan (CRMP) 2013 – 2018.</p> <p>New CRMP currently being developed for 2017-22.</p> <p>OCC Fire & Rescue Service Annual Report Annual Governance Statement</p> <p>Financial Plan 2012 – 2017</p> <p>Equality Policy 2012 – 2017</p> <p>Local Transport Plan 2015 – 2031</p> <p>Children & Young People's Plan 2015 – 2018</p> <p>Council Plan 2016 - 2020 Community-led Plans and Action</p> <p>Equality Policy 2012 – 2017 Joint Physical Disability Strategy 2012 – 2016</p> <p>OCC Emergency Plan</p>

	<p>1.1.2 review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements</p>	<p>OCC Fire & Rescue Service Annual Report</p> <p>Health & Wellbeing Strategy</p> <p>Corporate Governance Assurance Framework</p> <p>Corporate Plan</p> <p>Directorate and Service Business Strategies</p> <p>Community-led Plans and Action</p> <p>Performance Reports</p> <p>Scrutiny Committees</p> <p>Cabinet Forward Plan</p> <p>OCC Emergency Plan</p>
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	<p>1.1.3 ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners</p>	<p>Growth Board</p> <p>Oxfordshire Partnership Board:</p> <ul style="list-style-type: none"> • Environment • Safer Communities • Oxfordshire Growth • Stronger Communities Alliance • Health & Wellbeing • Local Enterprise <p>OCC Emergency Plan</p>
	<p>1.1.4 publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance</p>	<p>OCC Fire & Rescue Service Annual Report</p> <p>Annual Governance Statement</p> <p>The Statement of Accounts, which is published on the council's website sets out the financial position and results for the council for the relevant year.</p> <p>Narrative statement as required by the Accounts and Audit Regulations 2015</p> <p>External Audit and Inspection Letter</p> <p>Corporate Plan reflects on achievements in the previous year.</p>

<p>1.2 ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning</p>	<p>1.2.1 decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available</p>	<p>Quarterly Performance Reports to Cabinet following consideration by Scrutiny Committee</p> <p>Oxfordshire County Council Corporate Plan</p> <p>Directorate and Service Business Strategies</p> <p>Report to Audit & Governance Committee Quarterly Performance Reports to Cabinet</p> <p>Health & Wellbeing Board</p> <p>External inspection regimes – from Ofsted and CQC</p>
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	<p>1.2.2 put in place effective arrangements to identify and deal with failure in service delivery</p>	<p>Fire & Rescue Service Operational Assessment Peer Review</p> <p>Corporate Complaints Policy and Procedure</p> <p>Adults and Children’s Social Care Complaints processes</p> <p>Local Government Ombudsman Annual Letter</p> <p>Quarterly Performance Reports to CCMT, Cabinet and Performance Scrutiny</p> <p>Health & Wellbeing Board</p> <p>Scrutiny, Service and Cabinet Reviews</p> <p>Complaints Team identify and escalate serious complaints to the Monitoring Officer and Directorate leads, as required.</p> <p>Debriefs of Incident response & Lessons learnt database on Resilience Direct</p> <p>Audit & Governance Committee</p>
<p>1.3 ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money</p>	<p>1.3.1 decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the</p>	<p>OCC Fire & Rescue Service Statement of Assurance</p> <p>Performance Management Framework and quarterly performance reporting to Performance Scrutiny.</p>

	environmental impact of policies, plans and decisions	Corporate Plan Medium Term Financial Plan Service and Resource Planning Process including Social & Community Impact Assessments (SCIAs) Budget monitoring process and REGULAR reports to Cabinet set out financial performance and reflect on the achievement of the budget changes in the Medium Term Financial Plan
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Principle 2 – Councillors and Officers working together to achieve a common purpose with clearly defined functions and roles

Supporting Principles:	Oxfordshire County Council commits itself to:	Evidence that the Council complies with these requirements:
<p>2.1 ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function</p>	<p>2.1.1 set out a clear statement of the respective roles and responsibilities of the cabinet and of the cabinet members individually and the authority's approach towards putting this into practice</p>	<p>The Constitution</p> <p>Schemes of Delegation</p> <p>Portfolio Holders Reports to Council</p> <p>The Council, Cabinet and Council Committee Agendas and Minutes</p> <p>Forward Plan</p> <p>OCC Emergency Plan</p> <p>Business Continuity Steering Group Strategy</p> <p>The role of Scrutiny in Policy Development and Review (Terms of Reference – Constitution Article 7)</p> <p>Appraisals</p> <p>Training to ensure understanding of roles and responsibilities</p> <p>Oxfordshire Partnership Governance Framework adopted in 2009</p>

	2.1.2 set out a clear statement of the respective roles and responsibilities of county councillors and of senior officers	<p>The Constitution, including:</p> <ul style="list-style-type: none"> • Members' and Officer's Code of Conduct • Protocol on Member' Rights and Responsibilities • Protocol on Member/Officer Relations <p>Member Champions (Article 2, Appendix 1 of the Constitution)</p>
2.2 ensuring that a constructive working relationship exists between councillors and officers and that the responsibilities of councillors and officers are carried out to a high standard	2.2.1 determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required	<p>The Constitution</p> <p>Schemes of Delegation</p> <p>Annual review of the Constitution</p>
	2.2.2 make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management	<p>Head of Paid Service</p> <p>Job Description</p> <p>The Constitution</p> <p>Scheme of Delegation</p> <p>OCC Emergency Plan</p>
	2.2.3 develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	<p>The Constitution:</p> <ul style="list-style-type: none"> • Protocol on Member/Officer Relations <p>Protocol on Members' Rights and Responsibilities</p>

2.2.4 make a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control

The financial control framework is maintained and implemented by the Chief Finance Officer (Lorna Baxter) who is the section 151 officer for the authority.

CIPFA has published guidance on the role of the Chief Financial Officer in public service organisations. This sets out five key principles that must be in place to enable the chief financial officer to fulfil their statutory and public interest duties and make a positive and effective contribution to an authority.

- The Chief Financial Officer is a member of the County Council Management Team, helping it to develop and implement strategy and to resource and deliver the County Council's strategic objectives.
- The Chief Financial Officer is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and aligned with the Medium Term Financial Strategy.
- The Chief Financial Officer leads the promotion and delivery by the County Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

	<p>2.2.5 make a senior officer (usually the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with</p>	<p>Chief Legal Officer & Monitoring Officer</p> <p>Regular attendance at County Council Management Team as ex officio member</p> <p>Job Description</p> <p>Constitution</p> <p>Scheme of Delegation</p> <p>Role of Officers – Intranet</p> <p>Monitoring Officer Protocol</p> <p>Corporate Governance Assurance Framework</p> <p>The Constitution</p> <ul style="list-style-type: none">• Role of Officers – Intranet• Scheme of Delegation• Audit and Governance Committee <p>Monitoring Officer protocol</p> <p>Corporate Governance Assurance Framework</p>
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<p>2.3 ensuring relationships between the authority, its partners and the public are clear so that each know what to expect of the other</p>	<p>2.3.1 develop protocols to ensure effective communication between councillors and officers in their respective roles</p>	<p>The Constitution:</p> <ul style="list-style-type: none"> • Protocol on Member/Officer Relations • Protocol on Members' Rights and Responsibilities <p>Political Group Leader Meetings</p> <p>Regular briefing meetings</p> <p>Review of effectiveness by Audit & Governance Committee</p>
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	<p>2.3.2 set out the terms and conditions for remuneration of councillors and officers and an effective structure for managing the process, including an effective remuneration</p>	<p>Job evaluation</p> <p>The IBC portal is used to manage changes to posts. Budget monitoring process ensures payments to employees are in line with contracts and agreed scale points.</p> <p>Independent Remuneration Panel</p> <p>Constitution – members’ allowances scheme</p> <p>Dedicated webpage on members’ allowances:</p> <ul style="list-style-type: none">• Reports of Independent Remuneration Panel• Description of process• Publication of monthly and annual totals of members’ allowances received/claimed <p>Guidance notes to councillors on claiming expenses and using online IBC system</p> <p>Internal Audit review, periodically, of members’ allowances practices and checking</p>
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	2.3.3 ensure that effective mechanisms exist to monitor service delivery	Annual Report Quarterly Performance Reports Balanced Scorecard Quarterly Performance Reports Independent Inspections Assurance mapping of management control processes. The production of statements of assurances for the efficacy of services.
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<p>2.3.4 ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated</p>	<p>OCC Fire & Rescue Service Community Risk Management Plan 2013 – 2018</p> <p>Corporate, Directorate and Service Plans Oxfordshire 2030 (Community Strategy) Community-led Plans & Actions</p> <p>The Quality Standard for Local Government; statutory equality schemes; EQIA process; Social Inclusion Reference Group</p> <p>Service and Resource Planning</p> <p>Corporate Consultation Programme (including Citizens' Panel, Budget Consultation, Residents Surveys, Statutory Surveys), service level consultations eConsult Portal, customer group specific mechanisms (including Sounding Boards, users groups etc.)</p>
<p>2.3.5 when working in partnership, ensure that councillors are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority</p>	<p>Oxfordshire Partnership Annual report to Council.</p> <p>Annual audit of key partnerships and targets.</p> <p>OCC Emergency Plan</p>

	<p>2.3.6 when working in partnership:</p> <ul style="list-style-type: none">• ensure that there is clarity about the legal status of the partnership• ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions	<p>Partnership Working strategy</p> <p>Oxfordshire Partnership Governance Framework adopted in 2009</p> <p>Partnership Agreements</p> <p>Action Plan for improving and monitoring Governance</p> <p>Annual review of Partnership Governance Arrangements.</p> <p>Annual audit of key partnerships and targets.</p> <p>OCC Emergency Plan</p>
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Principle 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour		
Supporting Principles:	Oxfordshire County Council commits itself to:	Evidence that the Council complies with these requirements:
3.1 ensuring councillors and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance	3.1.1 ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect	<p>Freedom of Information Publication Scheme</p> <p>Dedicated webpage on open government (e.g. links to senior salary information, expenditure publication)</p> <p>Code on Data Transparency</p> <p>Audit & Governance Committee:</p> <ul style="list-style-type: none"> • Work Programme • Reviews of standards/conduct • Oversight of governance compliance • Annual reports – Monitoring Officer, Ombudsman <p>Reviews</p> <p>Publication Scheme</p> <p>Audit & Governance Committee Work Programme</p> <p>Equality and Diversity Schemes</p> <p>Codes of Conduct</p> <p>The Council's Values (CHOICE)</p>

		<p>County Council Management Team's – "Agreed Team Behaviours"</p> <p>Whistleblowing Policy</p> <p>Monitoring Complaints – Audit & Governance Committee (Monitoring Officers Annual Report)</p> <p>General Public's Right to attend and address Council Meetings and submit Petitions</p> <p>Scrutiny Process</p> <p>Equality Impact Assessments (EQIA)</p>
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3.1.2 ensure that standards of conduct and personal behaviour expected of councillors and officers, of work between councillors and officers and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols

The Constitution

- Officer Code of Conduct
- Member Code of Conduct
- Registering Interests/Gifts & Hospitality
 - Within the Codes
 - Separate protocols/guidance
- Protocol on Member-Officer Relations
- Audit and Governance Committee terms of reference – conduct, protocols, constitution review

Bi-annual survey by Monitoring Officer of officer views on 'member conduct'

Oxfordshire Monitoring Officers' Group – maintaining benchmarked experience.

Corporate Governance Assurance Framework

Oxfordshire Partnership Governance Framework adopted in 2009 sets standards roles and responsibilities.

	<p>3.1.3 put in place arrangements to ensure that councillors and officers of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice</p>	<p>The Constitution:</p> <ul style="list-style-type: none"> • Members' Code of Conduct • Officers' Code of Conduct • Planning Code of Practice • Registering Interests/Gifts & Hospitality <ul style="list-style-type: none"> ○ Within the Codes ○ Separate protocols/guidance <p>Mandatory training for members on Code of Conduct and Planning Code.</p> <p>Guidance note on bias and predetermination developed and circulated jointly by Oxfordshire Monitoring Officers</p> <p>Agendas of cabinet, scrutiny, committees – dedicated items about declaring interests</p> <p>Annual Monitoring Officer report to Audit and Governance Committee</p> <p>Corporate Governance Assurance Framework</p>
<p>3.2 ensuring that organisational values are put into practice and are effective</p>	<p>3.2.1 develop and maintain shared values including leadership values for both the organisation and officers reflecting public expectations, and communicate these with councillors, officers, the community and partners</p>	<p>The County Council's Values (CHOICE) CHOICE Awards</p> <p>Oxfordshire County Council's Corporate Plan</p> <p>Oxfordshire County Council's Website</p>

	<p>3.2.2 put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice</p>	<p>The Constitution:</p> <ul style="list-style-type: none"> • Audit & Governance Committee <ul style="list-style-type: none"> ○ Work Programme ○ Terms of Reference <p>Corporate Governance Assurance Framework</p> <p>Annual Monitoring Officer report to Audit and Governance Committee</p>
	<p>3.2.3 develop and maintain an effective Audit & Governance committee</p>	<p>Audit & Governance Committee:</p> <ul style="list-style-type: none"> • Work Programme • Reviews of standards/conduct • Oversight of governance compliance • Annual reports – Monitoring Officer, Ombudsman, Chief Internal Auditor • Agree the annual governance statement • Annual 1-1 meetings with Chief Internal Auditor and External Audit <p>Recruitment and Retention of Independent Persons to assist Monitoring Officer in relation to members standards/conduct</p> <p>Audit & Governance Committee Terms of Reference</p> <p>Chief Internal Auditor Protocol</p> <p>External Audit</p>

	<p>3.2.4 use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority</p>	<p>Corporate, Directorate and service Plans</p> <p>Website</p> <p>Induction Process</p> <p>The County Council's Values (CHOICE)</p> <p>Agile Working Programme</p>
	<p>3.2.5 in pursuing the vision of a partnership, agree a set of values against which decision-making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively</p>	<p>Children & Young Peoples Partnership Board (Children Education & Families)</p> <p>Oxfordshire Partnership Governance Framework adopted in 2009 sets standards roles and responsibilities.</p> <p>Partnership Agreements</p> <p>Partnership Governance Review 2008</p>

Principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Supporting Principles:	Oxfordshire County Council commits itself to:	Evidence that the Council complies with these requirements:
<p>4.1 being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny</p>	<p>4.1.1 develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible</p>	<p>Budget Training</p> <p>Scrutiny Review of Budgets</p> <p>Exercise of Call-in Procedures</p> <p>Constitution</p> <p>Scrutiny Review</p> <p>Scrutiny Work Programme</p> <p>Scrutiny Annual Report</p> <p>Scrutiny Handbook</p> <p>Fundamental Service Review Programme</p>
	<p>4.1.2 develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based</p>	<p>Service & Resource Planning Process</p> <p>Committee Agendas and Minutes</p>

	<p>4.1.3 put in place arrangements to safeguard councillors and officers against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice</p>	<p>Declarations of Interest (Members and Officers)</p> <p>Monitoring Officer Annual Review of Registers</p> <p>Codes of Conduct</p>
	<p>4.1.4 develop and maintain an effective audit & governance committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee</p>	<p>Audit & Governance Committee:</p> <ul style="list-style-type: none"> • Work Programme • Reviews of standards/conduct • Oversight of governance compliance • Audit Working Group- Monitoring of risk management process on behalf of the Audit & Governance Committee
	<p>4.1.5 ensure that effective, transparent and accessible arrangements are in place for dealing with complaints</p>	<p>Corporate Complaints Policy and Procedure</p> <p>Adults and Children’s Social Care Complaints processes</p> <p>Monitoring Officer – reporting to Audit & Governance Committee of the Local Government Ombudsman Annual Letter</p> <p>Whistleblowing policy – staff</p> <p>Whistleblowing procedures – general public</p>

<p>4.2 having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p>	<p>4.2.1 ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical and financial issues and their implications</p>	<p>Oxfordshire Insight</p> <p>Health & Wellbeing Strategy</p> <p>Committee Reports Template</p> <p>Report Timetables</p> <p>Cabinet Forward Plan</p> <p>Report Clearance process</p> <p>Specialist guidance available on the Council's intranet 'Insite' in the support section</p> <p>Monitoring of expenses claimed</p> <p>OCC Emergency Plan</p>
	<p>4.2.2 ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately</p>	<p>Committee Reports Template requires consideration of legal or financial implications</p> <p>Forward Plan flags upcoming reports/issues</p> <p>S151 Scheme of Delegation</p>

<p>4.3 ensuring that an effective risk management system is in place</p>	<p>4.3.1 ensure that risk management is embedded into the culture of the authority, with councillors and managers at all levels recognising that risk management is part of their jobs</p>	<p>OCC Fire & Rescue Service Community Risk Management Plan 2013 – 2018</p> <p>OCC Fire & Rescue Service Statement of Assurance</p> <p>Business Continuity Steering groups Strategy</p> <p>Annual Risk Management Report</p> <p>Annual Governance Statement</p> <p>Risk and Assurance Policy</p> <p>Corporate Lead for Risk Management</p> <p>Quarterly Risk Management Reporting</p>
	<p>4.3.2 ensure that effective arrangements for whistle-blowing are in place to which officers, and all those contracting with or appointed by the authority have access</p>	<p>Whistleblowing Policy</p> <p>General Public Whistleblowing Policy</p> <p>Monitoring Officer Annual Report</p>

<p>4.4 using their legal powers to the full benefit of the citizens and communities in their area</p>	<p>4.4.1 actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine (beyond the legal powers of the council) but also strive to utilise their powers to the full benefit of their communities</p>	<p>The Constitution, including:</p> <ul style="list-style-type: none"> • Terms of reference – all decision making bodies • Schemes of delegation • Finance Procedure Rules • Contract Procedure Rules • Virement rules <p>Committee Reports Template</p> <p>Corporate Legal strategy</p> <p>Implementing New Legislation Protocol</p> <p>OCC Emergency plan, REPPiR, MACR & COMAH off site plans for identified high risk sites within the county.</p> <p>Financial Regulations</p> <p>Contract Procedure Rules</p> <p>Oxfordshire Partnership Governance Framework adopted in 2009</p>
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	<p>4.4.2 recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on authorities by public law</p>	<p>Implementing New Legislation Protocol</p> <p>Corporate Legal Strategy</p> <p>Monitoring Officer Protocol</p> <p>Constitution</p> <p>Committee Report Checklist</p> <p>Service Level Agreements between Directorate and Legal Services.</p>
	<p>4.4.3 observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law</p> <ul style="list-style-type: none"> • rationality, legality and natural justice • into their procedures and decision making processes 	<p>Implementing New Legislation Protocol</p> <p>Corporate Legal Strategy</p> <p>Monitoring Officer Protocol</p> <p>Constitution</p> <p>Committee Report Checklist</p> <p>Service Level Agreements between Directorate and Legal Services.</p>

Principle 5 - Developing the capacity and capability of councillors and officers to be effective

Supporting Principles:	Oxfordshire County Council commits itself to:	Evidence that the Council complies with these requirements:
<p>5.1 making sure that councillors and officers have the skills, knowledge, experience and resources they need to perform well in their roles</p>	<p>5.1.1 provide induction programmes tailored to individual needs and opportunities for councillors and officers to update their knowledge on a regular basis</p>	<p>Induction</p> <p>Investors in People Accreditation</p> <p>Learning and Development Plan</p> <p>Appraisals</p> <p>Councillor Induction and Member Development</p> <p>Budget and Finance Training</p> <p>Member and Committee training</p> <p>Periodic review by Political Group Leaders</p> <p>Annual Monitoring Officer Report</p> <p>Emergency Planning Unit Elected Member Training</p> <p>Business Continuity e-learning</p>

	<p>5.1.2 ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority</p>	<p>Schemes of Delegation</p> <p>Roles of Officers – Intranet Constitution</p> <p>Job Descriptions</p> <p>Appraisals</p> <p>Monitoring Officer Protocol</p> <p>Learning and development Plan Induction – Briefings – Road-shows – Seminars – Staff surveys</p> <p>Acceptable Use Policy and e-learning course</p> <p>The Constitution:</p> <ul style="list-style-type: none">○ Roles of statutory officers○ Schemes of delegation <p>Roles of Officers – Intranet</p> <p>Internal Audit Strategy</p>
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<p>5.2 developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group</p>	<p>5.2.1 assess the skills required by councillors and officers and make a commitment to develop those skills to enable roles to be carried out effectively</p>	<p>Councillors Development – based on prioritising special responsibility postholders</p> <p>Appraisals</p> <p>Attendance at Conferences/Seminars</p> <p>Emergency Planning Elected Member training</p> <p>Business Continuity e-learning</p>
	<p>5.2.2 develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed</p>	<p>Audit and Governance Committee</p> <ul style="list-style-type: none"> ○ Remit of member standards ○ Receiving Monitoring Officer Annual Report including information on training and development
	<p>5.2.3 ensure that arrangements are in place for reviewing the performance of the executive as a whole and of individual councillors and agreeing an action plan which might, for example, aim to address any training or development needs</p>	<p>Member Appraisals</p> <p>Officer Appraisal Process</p>

<p>5.3 encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal</p>	<p>5.3.1 ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority</p>	<p>The Framework for Local Government</p> <p>Equality and Diversity Schemes</p> <p>An Equality Employment Report is completed every year, targets for employment are reviewed annually and included in the HR business plan.</p> <p>The Council's statutory Equality Schemes (see below) are summarised with targets in a single action plan and agreed on an annual basis within business plans:</p> <p>Comprehensive Equality Policy; Disability Equality Scheme</p> <p>Gender Equality Scheme; Race Equality Scheme</p> <p>Social Inclusion Strategy</p> <p>Strategy on 'Harder to Reach' Groups</p> <p>Social Inclusion Reference Group</p> <p>Best Value Performance Indicator targets to be representative of the community at all levels by race, disability and gender.</p> <p>External Assessment of the Equality Framework</p> <p>Oxfordshire County Council Learning & Development Plan ensures all officers are enabled to mainstream equality.</p>
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	<p>5.3.2 Ensure that career structures are in place for members and officers to encourage participation and development</p>	<p>Officers: Continuous Professional Development Learning and Development Programme Apprenticeships Future Leaders Programme Career progression scheme set up in ICT Councillor Induction and Member Development</p>
	<p>5.3.3 to encourage participation and development ensure that the following are in place:</p> <ul style="list-style-type: none"> • officers career structures; and • an effective councillors development programme 	<p>Officers: Continuous Professional Development Learning and Development Programme Apprenticeships Future Leaders programme Career progression scheme set up in ICT Councillor Induction and Member Development – and review with Political Group Leaders</p>

Principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability		
Supporting Principles:	Oxfordshire County Council commits itself to:	Evidence that the Council complies with these requirements:
6.1 exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships	6.1.1 make clear to themselves, all officers and the community to whom they are accountable and for what	<p>The Constitution</p> <ul style="list-style-type: none"> o roles of officers o schemes of delegation <p>OCC Emergency Plan</p> <p>Constitution</p> <p>Scrutiny Review</p> <p>Scrutiny Work Programme</p> <p>Scrutiny Annual Report</p> <p>Scrutiny Handbook</p> <p>Oxfordshire Partnership Governance Framework adopted in 2009</p> <p>Council Website – Meetings and Decision Making</p>

	<p>6.1.2 consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required</p>	<p>Health & Wellbeing Board</p> <p>Database of Stakeholders</p> <p>Primary Care Trusts</p> <p>Oxford University</p> <p>Oxfordshire Partnership Governance Framework adopted in 2009</p> <p>Oxfordshire 2030: Sustainable Communities Strategy</p>
	<p>6.1.3 produce an annual report on the activity of the scrutiny function</p>	<p>Council's Annual Report</p> <p>OCC Fire & Rescue Service Annual Report</p> <p>Scrutiny Committees Annual Report</p>
<p>6.2 taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by</p>	<p>6.2.1 ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively</p>	<p>A corporate Communications Strategy guides delivery of external and internal communications through council publications, the internet and intranet sites and the media. The effectiveness of this service is closely monitored and regularly evaluated through surveys and focus groups.</p>

commissioning	6.2.2 hold meetings in public unless there are good reasons for confidentiality.	Constitution Monitoring Officer's Annual Report Forward Plan for Cabinet includes decision which are not 'Key' decisions Delegated decisions taken in public
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	<p>6.2.3 ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognize that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands</p>	<p>Locality Meetings</p> <p>Consultation Team</p> <p>Ask Oxfordshire Consultation & Involvement Strategy and Action Plan</p> <p>Consulting Diversity Guide; Consultation database of community groups.</p> <p>Oxfordshire Voice Citizens Panel</p> <p>MPs Monthly Briefings</p> <p>Locality Working</p> <p>Community-led Plans & Actions</p> <p>The Equality Framework for Local Government; statutory equality schemes; EQIA process</p> <p>Equalities Monitoring for Consultations & Involvement Activities</p> <p>EPU Community Resilience events</p>
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	<p>6.2.4 establish a clear policy on the types of issues on which they will meaningfully consult on or engage with the public and service users, including a feedback mechanism for those consultees to demonstrate what has changed as a result</p>	<p>Ask Oxfordshire Consultation & Involvement Strategy</p> <p>eConsult Portal</p> <p>Council's Annual Governance Statement</p> <p>Statement of accounts</p>
	<p>6.2.5 publish an annual performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period</p>	<p>Corporate Plan</p> <p>Oxfordshire County Council publishes a rolling four-year corporate plan on an annual basis, which sets out our vision and priorities; explains our planning framework and links with the Medium Term Financial Plan. The Corporate Plan also reflects on achievements in the previous year.</p> <p>The Statement of Accounts, which is published on the council's website sets out the financial position and results for the council for the relevant year.</p> <p>Narrative statement as required by the Accounts and Audit Regulations 2015</p> <p>External Audit and Inspection Letter</p>

	<p>6.2.6 ensure that the authority as a whole is open and accessible to the community, service users and its officers and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so</p>	<p>Consultation Strategy</p> <p>Access to Information</p> <p>Ask Oxfordshire Consultation & Involvement Strategy</p> <p>Oxfordshire Insite</p> <p>The Council's Website</p>
<p>6.3 making best use of human resources by taking an active and planned approach to meet responsibility to officers</p>	<p>6.3.1 develop and maintain a clear policy on how officers and their representatives are consulted and involved in decision making</p>	<p>HR Strategy</p> <p>Programme of staff research, including staff surveys and staff panel activities</p> <p>Annual Staff conference</p> <p>Appraisal Process</p> <p>Various focus groups are held to “test” policy/process developments and we have various fora involving our unions and officers representative groups.</p>

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Oxfordshire County Council

Year ending 31 March 2016

Audit Plan

20 April 2016

Ernst & Young LLP



EY

Building a better
working world

Members of the Audit and Governance Committee
Oxfordshire County Council
County Hall
New Road
Oxford
OX1 1ND

20 April 2016

Dear Committee Members

Audit Plan

We are pleased to attach our updated Audit Plan which sets out in more detail the revised approach to value for money work and updates our assessment of internal controls.

Its purpose is to provide the Audit and Governance Committee with a basis to review our proposed audit approach and scope for the 2015/16 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

We welcome the opportunity to discuss this updated plan with you 20 April 2016 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Paul King
Executive Director
For and behalf of Ernst & Young LLP
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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies 2015-16”. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between 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 ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. 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.

1. Overview

Context for the audit

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Oxfordshire County Council give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended; and
- ▶ Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

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

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; and
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

We will provide an update to the Audit and Governance Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2016.

2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
Risk of fraud in revenue and/or expenditure recognition	
<p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>We will</p> <ul style="list-style-type: none"> ▶ Review and test revenue and expenditure recognition policies ▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias ▶ Develop a testing strategy to test material revenue and expenditure streams ▶ Review and test revenue and expenditure cut-off at the period end date.
Risk of management override	
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and 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 recorded 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.
Other financial statement risks	
Accounts production and close down	
<p>This will be the first year that the Council will have prepared its financial statements since it joined the Integrated Business Centre (IBC) with Hampshire County Council. There is a risk that procedures may not work as smoothly as they have done in the past as Council staff gets used to working with the IBC.</p>	<p>Our approach will focus on</p> <ul style="list-style-type: none"> ▶ Reviewing financial transactions between the IBC and the Council ▶ Testing transactions to ensure that they are processed and recorded accurately and on a timely basis. ▶ Reviewing the financial statements to ensure that transactions are accurately disclosed in accordance with CIPFA accounting guidance.
Expenditure testing	
<p>The Council contracts with third party suppliers for the provision of services. Within Adult Social Care. A new financial system has been implemented part way through the</p>	<p>Our approach will focus on</p> <ul style="list-style-type: none"> ▶ Testing transactions in both systems to ensure that payments are accurately

year. There is a risk due to the change in systems that the systems may not have been working as intended.

- ▶ made and recorded.
- ▶ Reviewing the transfer of data from one the old to the new system reviewing the work completed in house
- ▶ Reviewing data transfers for the Adult Social Care systems to the IBC to ensure that they are accurate.

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 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.

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

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the 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 any identified risks of fraud, and
- ▶ Performing mandatory procedures regardless of specifically identified risks.

3. Value for money risks

We are required to consider whether the Council has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources. For 2015-16 this is based on the overall evaluation criterion:

“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice which defines as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”.

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

We have considered the guidance in the context of our knowledge and understanding of the Council’s circumstances and the risks that it faces. We have identified the following significant risk.

Significant risks	Our audit approach
<p>Delivering financial resilience</p> <p>The Council is facing a challenging financial position and is reporting an overspend in Children’s Services and is having to plan for significant cuts in spending in future years. The local government funding settlement announced by the Government in December 2015 included a significant reduction in the Council’s Revenue Support Grant, and means that the Council will need to make further savings in addition to those already planned. The timing of the announcement means that the Council will revisit its 2016/17 Budget and Medium Term Financial Plan in order to set a balanced budget. The Council are proposing a balanced budget for 2016/17 but the years beyond will need to be revisited.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Review of the 2015/16 outturn position against budget ▶ Assessing the robustness of processes for identifying and implementing savings ▶ Review 2016/17 budgets and updated Medium Term Financial Plan.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ Financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

i Financial statement audit

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

We report to you by exception in respect of your governance statement, and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also:

- ▶ Review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require;

ii Arrangements for securing economy, efficiency and effectiveness

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

4.2 Audit process overview

Processes

We have completed our assessment of internal controls operated by the Council and the reliance we can place on them and have concluded that we will not rely on them. The reasons for this are that during the financial year there has been the move to the IBC and we would have to test transactions both before and after the move to the IBC and we have concluded that it will be more efficient to undertake substantive testing of transactions. In addition we are unable to rely on controls within the Adult Social Care (ASC) system. We will review the operation of controls within the new ASC system in 2016/17 to assess what if any reliance we can place on them.

We are currently testing IT and manual controls at the IBC over the following processes:

- ▶ Payroll
- ▶ Accounts receivable
- ▶ P2P
- ▶ Cash and bank

If we find IT and manual controls to be working appropriately this will provide us with additional assurance.

Analytics

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

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ 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.

Internal audit

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where we raise issues that could have an impact on the year-end financial statements.

Use of specialists

We will use specialist EY resource as necessary to help us to form a view on judgments made in the financial statements. When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Pensions	EY valuations team/ Third party specialists
Valuations	EY Valuations team/ Third party specialists

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks outlined in section two, 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.

Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ 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, including the Governance Statement.
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.
- ▶ Satisfying ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

4.4 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined the proposed overall materiality for the financial statement of the Council is £10,566,260 based on 1% of gross expenditure. We will communicate uncorrected audit misstatements greater than £528,315 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 might ultimately influence our judgement. 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 financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

4.5 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in

accordance with the NAO Code. The indicative fee scale for the audit of Oxfordshire County Council is £109,958.

4.6 Your audit team

The engagement team is led by Paul King who has significant experience of auditing local government clients. They are supported by Alan Witty as senior manager who is responsible for the day-to-day direction of audit work and is the key point of contact for the Head of Finance.

Where appropriate we will also leverage wider expertise within the firm. For example: we have a firm wide Local Government audit network to share best practice, identify common issues and to develop a consistent audit approach

4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the VFM work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Audit and Governance Committee's cycle in 2015/16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Audit and Governance Committee timetable	Deliverables
High level planning	April 2015	April 2015	Audit Fee letter
Risk assessment and setting of scopes	January 2016	February 2016	Audit Plan
Testing routine processes and controls	February-March 2016	April 2016	Revised Audit Plan
Update risk assessment	July 2016	July 2016	Progress Report
Year-end audit	July-August 2016		
Completion of audit	August 2016	September 2016	Report to those charged with governance via the Audit Results Report Audit report including our opinion on the financial statements; and by exception overall value for money conclusion. Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.

Conclusion of reporting	By 31 October 2016	November 2016	Annual Audit Letter
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In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 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 on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during 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 PSAA Terms of Engagement 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.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, 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 contracted services, and details of any written proposal to provide non-audit services;

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 are disclosed and analysed in appropriate categories.

5.2 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 any principal threats. However we have adopted the safeguards 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 the Council.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has 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 the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, 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 other 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 where management is required to make judgements or decisions 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 adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Paul King and the audit engagement directors and the audit engagement team have not been compromised.

5.3 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 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 June 2015 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015/16 £	Scale fee 2015/16 £	Outturn fee 2014/15 £	Explanation
Opinion Audit and VFM Conclusion	£109,958	£109,958	£161,756	The outturn fee for 2014/15 contains additional fee of £15,195.
Total Audit Fee – Code work	£109,958	£109,958	£161,756	
Assurance report Teachers Pension	£0	£0	£10,000	
Non-audit work	0	0	£39,000	See below for details
<i>All fees exclude VAT.</i>				
Non audit work in 2014/15				
Financial analysis for payment mechanism for Ardley E/W Facility				6,000
High level review of the potential for unitary status				33,000

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

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ The operating effectiveness of the internal controls for the key processes outlined in section 4.2 above;
- ▶ We can rely on the work of internal audit as planned;
- ▶ The NAO making no significant changes to the final value for money guidance on which our conclusion will be based;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

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

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit and Governance Committee. 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>	<ul style="list-style-type: none"> ▶ 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 	<ul style="list-style-type: none"> ▶ 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 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the Audit and Governance 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 	<ul style="list-style-type: none"> ▶ 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 	<ul style="list-style-type: none"> ▶ 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 	<ul style="list-style-type: none"> ▶ 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 	<ul style="list-style-type: none"> ▶ Report to those charged with governance

Required communication	Reference
<p>communication is subject to compliance with legislation on tipping off</p> <ul style="list-style-type: none">▶ Enquiry of the Audit and Governance 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 and Governance Committee may be aware of.	

Required communication	Reference
<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 director’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 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance
<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 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<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 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance ▶ Annual Audit Letter if considered necessary
<p>Opening Balances</p> <ul style="list-style-type: none"> ▶ Findings and issues regarding the opening balance of initial audits 	<p>Report to those charged with governance</p>

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Local government audit committee briefing

Contents at a glance

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Find out more

This sector briefing is one of the ways that we see as supporting you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the local government sector and the audits that we undertake.

The public sector audit specialists in EY's national Government and Public Sector (GPS) team have extensive public sector knowledge which is supported by the wider expertise across EY's UK and international business. This briefing reflects this, bringing together not only

technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authorities.

We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local engagement team.



Government and economic news

EY Item Club forecast

In its latest quarterly forecast (Winter) the EY Item Club highlights that what it terms the UK consumer's "holiday" from inflation and austerity in 2015 is expected to continue well into 2016, aided by the sharp fall in oil and other commodity prices, and the Chancellor's change of heart on working tax credits.

Whilst the global situation is clearly fragile, the UK is seen to be well placed to ride out the storms. Growth is expected to increase from the revised 2.2% in 2015 to 2.6% this year, being supported by low inflation and interest rates. The CPI is forecast to increase by just 0.7% and they do not expect the Bank of England Monetary Policy Committee to increase bank rate until late in the year.

Looking further forward, the forecast is for inflation and austerity to return, with GDP growth of 2.3% in 2017 and 2.2% in 2018 and consumer spending growth dropping from 2.8% in 2016 of 2.1% in 2017 and 1.7% in 2018. Highlighted as impacting on this are the increasing taxes and levies on consumers and companies, and the roll-out of Universal Credit (which will claw back this Autumn's concessions to low earners). Inflation is expected to increase to 1.8% by 2018, remaining below the MPC target until 2019.

Continuing uncertainty over the EU Referendum could potentially hit business investment this year, as businesses wait to see the result, but momentum in the UK and other economies is seen as supporting capital spending this year.

Local Government Devolution

Towards the end of 2015, Birmingham and Liverpool each agreed devolution deals with Treasury which gives them control over infrastructure investment, transport and skills. This brings the total of devolution deals to 6:

- ▶ Birmingham
- ▶ Liverpool
- ▶ Greater Manchester
- ▶ Sheffield
- ▶ North East
- ▶ Tees Valley

Each area will need to elect a metro mayor, with elections expected to take place in 2017.

For Birmingham, £1.2bn of government investment is anticipated over the next 30 years, and for Liverpool the expectation is £30mn per year over the next three decades.

Read the government announcements in full at <https://www.gov.uk/government/news/historic-devolution-deal-to-power-the-midlands-engine> and <https://www.gov.uk/government/news/liverpool-devolution-deal-boosts-the-northern-powerhouse>.



Government and economic news

Spending Review 2015

Some headlines from the Spending Review 2015 include:

- ▶ The intention to be running a £10bn surplus by 2019/20.
- ▶ Tax credit taper rates and thresholds will remain unchanged.
- ▶ Council tax increases of 2% to support social care will be permitted. Local Police and Crime Commissioners will have the power to increase their share of council tax by 2% from April 2016.
- ▶ From 2020, local government will retain 100% of business rates collected. The system of top ups and tariffs redistributing revenues between local authorities will be retained. The uniform rate will be abolished; allowing local areas to cut business rates if they choose to do so in order to win new jobs and generate wealth.
- ▶ Police and schools funding will be protected in line with inflation.

Read more at:

<https://www.gov.uk/government/topical-events/autumn-statement-and-spending-review-2015>

The Government has also consulted on the 2016-17 settlement.

Further details available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486730/Provisional_settlement_consultation_document.pdf.

Consultation: New Homes Bonus

In 2011 the New Homes Bonus was introduced to incentivise local authorities to encourage housing growth in their areas. Since 2011, £3.4bn has been allocated to support the delivery of 700,000 new homes and the return of 100,000 long term empty homes to use.

The Department for Communities and Local Government (DCLG) has released a consultation which seeks views on potential changes to the New Homes Bonus. The changes are intended to “better reflect authorities’ delivery of new housing”. Other proposed changes include introducing a reduction to the number of years in which current and future payments are made, from six years to four years.

See full details of the consultation as well as methods for responding at:

<https://www.gov.uk/government/consultations/new-homes-bonus-sharpening-the-incentive-technical-consultation>

The deadline for response is 10th March 2016.



Government and economic news

Local Authority Revenue Expenditure and Financing

During November 2015, statistics for 2014-15 on revenue expenditure and financing with local government were released by the Department for Communities and Local Government.

Some highlights include:

Total revenue expenditure by local authorities in England reduced by 0.5% in 2014-15, from £96.4bn in 2013-14 to £95.9bn, however, excluding spend on Education (30.7% of total net current expenditure) there was an increase of 1.5% from £60.5bn in 2013-14 to £61.5bn.

Net current expenditure on education saw the largest decrease, which was largely driven by schools achieving academy status and therefore receiving central expenditure, and by the reclassification of some services to Children and Families Social Care services (which saw a £1.2bn increase for this reason).

Local Authorities added £0.9bn to reserves in 2014-15 as compared to £2.4bn in 2013-14. This takes total reserves to £22.5bn and means that the last 15 years has seen a significant increase in the amount held by local authorities in non-ringfenced reserves. Communities Secretary Greg Clark has noted this increase and said:

“With local government accounting for a quarter of all public spending, it is right that they are called on to play their part in dealing with the deficit.

Today’s figures show how they are well placed to do so, with local authorities holding £22.5bn held in non-ringfenced reserves – up 170% in real terms over the last 15 years.

As we continue to secure our country’s economic future and cut the deficit, now is the time to make efficient use of their assets and resources to provide the services local people want to see.”

Public Finance has published an article available at <http://www.publicfinance.co.uk/news/2015/11/mounting-reserves-leave-councils-well-placed-make-cuts-says-clark>, and the full publication is available at <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-in-england-2014-to-2015-final-outturn>

Response to flooding

The Bellwin scheme, which compensates eligible authorities for exceptional costs incurred in incidents like flooding, has been opened for councils affected by floods resulting from storms Desmond and Eva.

Authorities are eligible for costs under the scheme when they have spent more than 0.2% of their calculated annual revenue budgets on works.



Government and economic news

Bellwin allows eligible authorities to apply to have 100% of their costs above threshold reimbursed by the government.

Eligible authorities include:

- ▶ Councils
- ▶ Policing bodies
- ▶ Fire and rescue authorities
- ▶ National Park authorities

For more information see <https://www.gov.uk/government/news/north-west-england-floods-2015-government-response>.

Council Tax support

A review into the effectiveness of Council Tax support schemes across the country has been initiated, led by Member of Parliament, Eric Ollerenshaw, OBE.

Council Tax Benefit was reformed from 2013-14 to give councils the power to design their own schemes and align them to local needs. This review is intended to examine the implementation of this change and to consider whether or not this support should be part of the Universal Credit payments in the future.

Further details of the review are available at:

<https://www.gov.uk/government/news/launch-of-review-into-council-tax-support>.

Public sector exit payment recovery regulations

The government is consulting on draft regulations that will give effect to the powers enacted in the Small Business, Enterprise and Employment Act 2015. These regulations allow for the recovery of exit payments following the return of a high earner to the public sector within a year of their initial departure.

Changes made to the policy since the previous consultation include:

- ▶ The minimum earnings threshold for individuals subject to the recovery provisions has been lowered from £100,000 to £80,000
- ▶ The policy has been extended to include qualifying returns to any part of the public sector, rather than only to the same part of the public sector
- ▶ Introduction of a tapered recovery period for 12 months from the exit date
- ▶ Recovery will now include employer funded pension 'top up' payments made under the Local Government Pension Scheme.

Public sector organisations that are in scope and those that are proposed to be exempt are included in the draft regulations.

Following this consultation, the regulations will go through Parliamentary scrutiny, and the intention is that the policy will take effect from April 2016.

Read more at <https://www.gov.uk/government/news/government-calls-time-on-public-sector-parachute-payments-for-boomerang-bosses>.



Accounting, auditing and governance

Faster Close update

Since our think piece 'accelerating your financial close arrangements' in the summer – we have worked together with our clients to successfully deliver another round of financial statements audits.

We have seen again a number of our clients achieve the earlier 31 July deadline – three years ahead of schedule. Nationally, 5% of opinions were issued by 31 July for 2014-15.

At other clients, we have seen a shortening of the actual audit window as both preparers and auditors refine the operational timetable in readiness for 2017-18 audits.

The think piece set out some areas where preparers can hone their closedown plans and work with their auditors in the run up to the revised timetable. Discussions with clients around the country are showing encouraging signs that finance teams are already grasping the issue and working on solutions to enable them to prepare and submit draft financial statements and supporting working papers to the auditor by 31 May. Twenty-one percent of our clients have committed to this earlier target for the 2015-16 audits.

On our side, as a firm, we are reviewing how we can streamline our audit approach, to provide maximum ability to undertake early substantive testing across a Month 8-10 window, thereby reducing some pressure in the key June – July audit window. This may not work in all cases, because of the budget setting process, so other ways of streamlining the audit approach are also being developed.

In addition, we are addressing the resourcing challenge that this presents to audit firms, with a significant recruitment campaign to enable us to continue to deliver exceptional client service across the entire sector. This will require us to phase our audits, at both an interim and final audit stage to allow us greater flexibility in resource deployment and audit clients should be prepared to have bigger audit teams on site for shorter periods of time, as running all audits concurrently is not likely to be possible.

A key issue arising from our recent discussions is dealing with the governance processes at councils for receiving the auditor's report and approving the accounts. There are a wide range of approval processes in place at councils as a result of custom and practice over the years, and some are more streamlined than others.

Councils will need to review their governance processes for approving the accounts with a view to making it as simple as possible to ensure the maximum amount of the nine week window for audit can be used for audit procedures. Under the Account and Audit Regulations 2015, it is only the responsibility of the committee 'charged with governance' to approve the financial statements ahead of final certification by the s151 officer. Adding additional layers of approval through to Cabinet or Full Council slows down the governance process and potentially adds to the audit burden.

For 2014-15 audits, 8% of our clients had Audit Committee meetings scheduled before September for approval of the financial statements. For 2015-16, in several instances Audit Committee timetables have not yet been finalised, however, currently 7% of our client base has already confirmed that their Audit Committee timetable would enable accounts authorisation before September, with 4% scheduled before 31 July 2016.



Accounting, auditing and governance

An effective Audit Committee is one which can appropriately scrutinise the financial statements and the auditor's results report prepared under International Standard on Auditing (UK&I) 260, and challenge officers about accounting policies and estimates in order to be able to approve the financial statements on behalf of the council.

Given the lead time for amending corporate governance processes, officers should review the approval arrangements, and schemes of delegation from Full Council, ensuring that the Audit Committee operates as effectively as possible and to the remit as set out by CIPFA in its guidance 'Audit Committees: Practical Guidance for Local Authorities and Police (2013 edition)'.

We are encouraged by the response of our clients to this challenge and the acceptance that it is a joint responsibility to achieve the faster close, and we will continue to work with you as we both prepare for the advanced deadlines.

For further information, please speak to a member of your engagement team.

Value for Money guidance

The Local Audit & Accountability Act 2014 Section 20(1) requires that: 'In auditing the accounts of a relevant authority other than a health service body, a local auditor must, by examination of the accounts and otherwise, be satisfied ... (c) that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

The Act is implemented through the National Audit Office's 2015 Audit Code of Practice (the Code), which sets out what local auditors are required to do to fulfil their statutory responsibilities under the Act.

Paragraph 3.14 sets out that 'the auditor's work should be designed to provide the auditor with sufficient assurance to enable them to report as appropriate to audited bodies other than health service bodies, providing a conclusion that in all significant respects, the audited body has (or has not) put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the relevant period'.

To support the Code, the NAO issues guidance to auditors. This is undertaken by preparing and publishing Auditor Guidance Notes (AGNs) which are publically available on its website. See <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

AGN 03 – Auditors' work on Value for Money Arrangements was published in November 2015 following a consultation period. It confirms the requirement is for auditors to issue a conclusion in respect of the single overall criterion that:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people."

To assist auditors the NAO provide three sub-criteria that are intended to guide auditors in reaching their overall judgement:

- ▶ Informed decision making
- ▶ Sustainable resource deployment
- ▶ Working with partners and other third parties

However, these are not separate and auditors are not required to reach a judgement against each one.

Underpinning these sub-criteria are the proper arrangements,



Accounting, auditing and governance

which are aligned to the scope of arrangements that are already required to be put in place and reported on through documents such as the annual governance statement.

Auditors are required to undertake a risk assessment to identify any significant risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.

The Code defines 'significant' as follows: **"a matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects."**

Where such a significant risk is identified, further audit work will be undertaken based on the auditor's professional judgement. If the auditor does not identify any significant risks, there is no requirement to carry out further work.

Full information on all of the above can be found within AGN 03. See <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

New arrangements for the exercise of public rights

The Accounts and Audit Regulations 2015 (the Regulations) set out new arrangements for the exercise of public rights from 2015-16 onwards. In respect of principal bodies, paragraph 9(1) requires the responsible financial officer to commence the period for the exercise of public rights and to notify the local auditor of the date on which that period was commenced. This is a change to previous arrangements where the local auditor notified the audited body of the appointed date on or after which local government electors could exercise their rights.

Paragraph 9(2) is clear that the final approval of the statement of accounts by the authority prior to publication cannot take place until after the conclusion of the period for the exercise of public rights. For 2015-16, the thirty working day period for the exercise of public rights must include the first ten working days of July, this means that authorities will not be able to approve their audited accounts or publish before 15 July 2016.

Paragraph 14(1) states that any rights of objection, inspection and questioning of the local auditor conferred by sections 26 and 27 of the Act may only be exercised within a single period of 30 working days. In effect this paragraph brings the period in which an elector can question the auditor into the inspection period, rather than immediately following the inspection period as per the previous regulations. As a result of this, auditors are unable to issue their audit reports until the 30 day period has been concluded.

Read the regulations in full at <http://www.legislation.gov.uk/uksi/2015/234/regulation/2/made>.

Consultation: HRA accounting

The Department for Communities and Local Government is consulting on directions to replace the Housing Revenue Account (Accounting Practices) Directions 2011, which will cease to have effect in relation to Housing Revenue Accounts of local housing authorities in England from 1 April 2016. DCLG describes the replacement directions as essentially technical changes in order to bring the accounting requirements in line with proper practices under international accounting standards. They specify information to be disclosed in the notes to the HRA.

See full details of the draft direction at:

<https://www.gov.uk/government/consultations/housing-revenue-account-accounting-practices-directions-2015>



Regulation news

Report on the results of auditors' work 2014-15

Public Sector Audit Appointments (PSAA) have published their first report showing the results of auditors' work for 2014-15 covering 509 principal bodies and 9,755 small bodies.

The report includes information on timeliness of reporting, as well as the outcomes of those reports.

- ▶ Auditors were able to issue an early opinion (by 31st July 2015) for 5% of principal bodies.
- ▶ The auditor was unable to issue an opinion by the statutory deadline of 30th September at 15 bodies (3%), compared to 2% in 2013-14.
- ▶ Consistent with 2013-14, no non-standard opinions were issued.
- ▶ 20 non-standard value for money opinions were issued, including 1 adverse conclusion, 18 except-for conclusions, and one report on matters arising.
- ▶ Ten value for money conclusions were outstanding at the time of publishing the report.

Read the report in full at:

<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/reports-on-the-results-of-auditors-work/>



Key questions for the audit committee

What questions should the Audit Committee ask itself?

Have we considered our responses to the key government consultations that affect us, including New Homes Bonus and HRA Accounting Directions?

Have we formulated a response to support the review of Local Council Tax Support Schemes? How effective have our council tax support arrangements been since 2013-14?

Are we monitoring our progress against the revised timetable for closing the accounts from 2017-18 onwards?

Have we considered amending governance arrangements to streamline the approval of the financial statements?



Find out more

Ey Item Club Summer 2015 forecast

For details of the EY Item Club's latest forecast, see <http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy/ITEM---Forecast-headlines-and-projections>

Local Government Devolution

Read the government announcements in full at <https://www.gov.uk/government/news/historic-devolution-deal-to-power-the-midlands-engine> and <https://www.gov.uk/government/news/liverpool-devolution-deal-boosts-the-northern-powerhouse>.

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Response to flooding

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Council Tax Support

Further details of the review are available at:

<https://www.gov.uk/government/news/launch-of-review-into-council-tax-support>.

Public Sector Exit Payment Recovery Regulations

Read more at <https://www.gov.uk/government/news/government-calls-time-on-public-sector-parachute-payments-for-boomerang-bosses>

Faster Close update

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For more information, please contact a member of your engagement team.

Value for Money guidance

Full information on the new guidance can be found within AGN 03. See <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

New arrangements for the exercise of public rights

Read the regulations in full at <http://www.legislation.gov.uk/uksi/2015/234/regulation/2/made>

Consultation: HRA accounting

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<https://www.gov.uk/government/consultations/housing-revenue-account-accounting-practices-directions-2015>

Report on the results of auditors' work 2014-15

Read the report in full at:

<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/reports-on-the-results-of-auditors-work/>

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**OXFORDSHIRE
COUNTY COUNCIL**

Scrutiny Annual Report

2015 – 2016

Foreword

The council has continued to face a changing and difficult working environment this year. Budget pressures and the shifting local government landscape have meant that the role of the council is changing and this trend is likely to continue over the coming years.

In spite of these difficulties, Oxfordshire County Council's scrutiny committees have responded well, keeping a focus on priority issues where scrutiny can add real value and insight. They have strived to inform decision-making and challenged process and service delivery where they can make the most impact and effect on outcomes for Oxfordshire residents.

All scrutiny committee members are committed to ensuring that scrutiny is as effective as it can be. Part of this involves the different committees working closely together to ensure that there is agreement and coherence across the board. This year, we as Chairmen have been committed to meeting quarterly to discuss issues affecting all scrutiny committees and to ensure that scrutiny is smooth, efficient and effective.

We are proud of all that the scrutiny committees have achieved this year, and look forward to a challenging but effective 2016/17.



**Cllr Liz
Brighthouse OBE**

Chairman of the
Performance Scrutiny
Committee



**Cllr Yvonne
Constance OBE**

Chairman of the
Oxfordshire Joint Health
Overview and Scrutiny
Committee



**Cllr Mark
Gray**

Chairman of the
Education Scrutiny
Committee

1. Introduction

- 1.1. This Scrutiny Annual Report provides a summary of the work of the council's overview and scrutiny function in 2015/16. This function includes the council's three Overview and Scrutiny Committees, and any Cabinet Advisory Groups which have been appointed by Cabinet in this time.
- 1.2. This report is structured by committee. It explores some of the areas of work each of the committees has undertaken over the last year and highlights where influence has been greatest. It emphasises areas where scrutiny has had a tangible impact on decision-making, and therefore on the lives of the people of Oxfordshire.
- 1.3. Membership details for the Scrutiny Committees and Cabinet Advisory Groups are provided in Annexes 1 and 2 respectively.

2. Performance Scrutiny Committee

2.1. The Performance Scrutiny Committee has a membership of 11 county councillors and is chaired by Cllr Liz Brighthouse OBE. The county councillor membership is politically proportional to the membership of the Council. The committee met nine times in 2015/2016. Some of its key functions, as outlined in the constitution, include:

- Scrutinising the performance of the council;
- Providing a focused review of corporate performance, directorate performance;
- Scrutinising financial reporting and budgets;
- Raising queries or issues of concern that may occur over decisions being taken in relation to adult social care, to provide a specific committee for addressing such queries;
- Discharging the Council's scrutiny responsibilities under the Crime and Justice Act 2006, to review and scrutinise decisions made or actions taken by community safety partners.

2.2. In total this year, 14 members of the public have addressed the committee.

Service and Resource Planning

2.3. The Performance Scrutiny Committee has overall responsibility for scrutinising budget proposals. The preparation of budget proposals for the period 2016/17 presented fundamental challenges for the council as the total savings required over a decade from 2010-20 rise towards £350m. Cuts to the grant the council receives from government continued, and the savings required increased beyond the planned "worst case" scenario at short notice with publication of the draft Local Government Settlement in December 2015.

2.4. The committee is committed to the principle of transparency in the budget setting process and worked to scrutinise the early proposals made for budget savings at its meeting in December 2015, prioritising those which were least acceptable - notably services to the most vulnerable and those caring for them - including through consideration of responses to the consultation, analysis of these, and representations made in person. However the increased savings target at late notice reduced the impact it was possible for this scrutiny process to have.

2.5. The committee has continued to ensure that there is effective challenge to proposals through improved briefing and engagement of all members, not just committee members, during the process of scrutinising major issues. In particular, all-member briefings have been organised on issues including finance and the restructure of the Early Intervention Service, with invitations extended to all Councillors not solely members of the committee.

- 2.6. A number of areas of investigation identified in last year's report by Performance Scrutiny during the service and resource planning process have had high profile this year. These included the impact of the living wage on costs in social care, the reshaping of early intervention services, the frontline role and digital role of the libraries service, and the need to review performance targets. In working to shape policy on the future of the council the committee examined and commented on an emerging draft of the new corporate plan at its January meeting.
- 2.7. Next year the committee also expects to need to engage with proposals for significant savings and cuts. Given the greater certainty about the path for local government spending there may be an opportunity to scrutinise emerging proposals at an earlier stage.

Performance Management

- 2.8. The committee has continued with the practice of examining the overall performance report quarterly but undertaking a more detailed examination of one directorate area per quarter, supported by the Director and other relevant staff. This has enabled more in-depth consideration and challenge of particular service issues.

Meeting date	Directorate focus
25 June 2015	Children, Education & Families
24 September 2015	Social & Community Services
7 January 2016	Children, Education & Families
24 March 2016	Environment & Economy

- 2.9. The Performance Scrutiny Committee is committed to scrutinising both direct delivery by the council, and the performance of contracts, commissioned services and partnerships, as the council increasingly commissions services rather than directly providing them.
- 2.10. More broadly, committee members and officers have continued to engage in the improvement of performance reporting structures throughout the year in order to ensure that performance management remains robust and fit for purpose in future.
- 2.11. In addition to examining overall performance the Performance Scrutiny Committee has played a vital role in the council's planning and delivery of some of its highest priority services. Safeguarding children, adult social care and community safety have featured strongly in the committee's scrutiny this year.
- 2.12. As well as regular scrutiny of individual service areas the committee frequently undertook more detailed examinations of specific areas of performance when necessary. For example, consideration of financial savings in relation to Environment and Economy activities prompted a more broad and thorough consideration of those activities at a subsequent meeting. Similarly, routine

scrutiny of performance within Children, Education and Families activities raised concerns over attainment by absent or excluded children and prompted a more detailed session on looked after children at a subsequent meeting.

- 2.13. The committee has been actively involved in discussing future developments in performance monitoring across the council. At its February 2016 meeting, the committee gave unanimous support for a more streamlined, outcome-based approach to performance, with measure linked closely to the priorities in the Corporate Plan. Members also had the opportunity to shape the role of the committee in the performance reporting process and agreed that 'deep dives' will also be done at meetings, offering supplementary performance narrative (i.e. benchmarking, value for money, qualitative feedback). The committee suggested that these may trigger task-finish groups of 2-3 committee members, who would report back to the main committee and so potentially increase the committee's capacity for detailed scrutiny.

Crime and Community Safety

- 2.14. In May 2015 the committee scrutinised an update of the Police & Crime Plan 2013-17, an account by Chief Constable Francis Habgood of the performance of Thames Valley Police against the Delivery Plan for 2014-15, and the equivalent Delivery Plan for 2015-16. The committee probed the balance between crime rates and the potential for budget cuts, and explored the complexity of forecasting and resourcing future policing activities in view of changing demographics and delivery technologies.
- 2.15. Related themes featured in the June 2015 meeting, in scrutiny of the countywide Oxfordshire Community Safety Partnership's priorities for the coming year. The committee discussed the process for risk assessment and intervention, and the importance of working with all partners including at District and Parish levels. Discussion also touched on the council's approach to implementing the Government's PREVENT anti-extremism agenda.
- 2.16. In September 2015 the Chief Fire Officer presented the Oxfordshire County Council Fire and Rescue Service (OFRS) Annual Report 2014-15 which informed the committee's scrutiny of the service's future work. Members considered the implications of the partnership between the Fire and Rescue Service and the South Central Ambulance Service and queried the potential for response targets to be stretched beyond current levels.
- 2.17. Reflecting the committee's increasingly strategic approach to scrutiny, the committee resolved in future to consider in parallel the annual Oxfordshire Community Safety Partnership Business Plan, the annual Thames Valley Police & Crime Commissioner Police and Crime Plan and Annual Report, and the Thames Valley Police Delivery Plan.

Safeguarding Children

- 2.18. The committee's scrutiny activities help to ensure the council is effectively safeguarding the most vulnerable people within our communities. Having

explored the council's Thriving Families programme during the May 2015 meeting, the meeting in June 2015 went on to consider a range of children's issues alongside the quarterly performance monitoring report. Members' concerns over certain aspects of performance, particularly in light of increasing demand and likely reductions of resources, prompted agreement to carry out a focused session on vulnerable and looked after children at a future meeting.

- 2.19. The November 2015 meeting considered the council's action plan following Ofsted's recent "good" assessment of all aspects of children's services. The committee made recommendations intended to improve even further on successes such as fostering services and governance arrangements for the interaction between the council and voluntary groups. The committee then considered a briefing by officers on missing children in Oxfordshire and tested the council's provision of adequate safeguarding measures.
- 2.20. The background to the increase in child protection cases was scrutinised, and although the situation was worrying it was noted that the council compared well with other good-performing authorities. Members expressed concern at high caseloads and asked that the Chairman be alerted to any changes between meetings. Members also received a briefing on the Child Sexual Exploitation stocktake report.
- 2.21. The annual reports of the Safeguarding Boards were presented to the committee in January 2016. The committee has requested in future that these are brought earlier in the financial year, in order to enable scrutiny in advance of council, and officers are working to enable this.

Adult Social Care

- 2.22. Having touched on adult care issues in May 2015's discussion of Oxfordshire's Thriving Families report, in September 2015 the committee looked in more detail at adult social care issues. Time was devoted to understanding the nature and extent of performance information being collated by the council in response to national standards in this area, and it was recognised that overall Oxfordshire was in the top performance quartile of authorities nationally. Members explored three main areas of concern: delayed transfers of care, reablement and home care. Ultimately the committee recorded concerns over funding, sustainability of resources and recruitment and retention of a skilled workforce.
- 2.23. At its December 2015 meeting, focusing on the council's proposed budget reductions, the committee considered representations from Age UK, among others, concerning adult social care. Following detailed consideration the committee identified 12 savings proposals in this area as being among those that would be least acceptable. These predominantly related to support for the most vulnerable service users, and their carers. While this demonstrated the committee's determination to bring challenge where proposed changes might detrimentally affect council services, ultimately however the subsequent Local

Government Settlement announcement required savings even beyond the magnitude under consideration.

- 2.24. Returning to adult social care at their January 2016 meeting, the committee heard from the Independent Chair of the Oxfordshire Safeguarding Adults Board, and assessed progress towards implementing the Oxfordshire Adult Social Care Workforce Strategy, including the council's proposed delivery plan and governance arrangements. Members noted concerns over severe pressure points in relation to the increased complexity of cases and activity in the system, particularly in light of tightening budgets.

Other Issues

- 2.25. The committee undertook scrutiny on a range of other issues during the year, many of which had broader strategic relevance to the areas noted above. This included looking at the outcomes of consultation. In addition to the budget consultation, a major scrutiny exercise was undertaken at the November 2015 meeting to analyse public feedback to the council's Supported Transport consultation, and the potential impact of the proposals on areas such as adult care and rural deprivation. A list of concerns over the consultation exercise and its conclusions was subsequently put to Cabinet. Rural deprivation was also a feature of the committee's September meeting, where the council's Community Information Networks were considered.
- 2.26. The committee also scrutinised the proposed changes to early intervention services at their February 2016 meeting in advance of a Cabinet decision. Performance Scrutiny recognised the financial and demand imperatives facing children's social care, and made recommendations around the use of the additional funding protected by Council to maintain as many services as possible in appropriate locations, with as much open access provision as possible, requesting this be delivered through the undertaking of a "service and geography gap analysis".
- 2.27. The committee supported the ambition of any local areas, voluntary groups, district, town, and parish councils, and independent providers who wish to operate a children's centre which would otherwise close with no, or significantly reduced, council funding, and was keen to see an emphasis on the full age range of children and young people being supported by the service, in order that 'early help' is delivered across the 0-19 age range and youth engagement could be maintained.
- 2.28. In addition to a discussion focused around changes to the public-facing service Performance Scrutiny also discussed the council's role in education, and action on safeguarding. On these issues Performance Scrutiny expressed concern that Oxfordshire may "lose out" as a result of a weakened relationship with schools, and asked that education-related policy form part of devolution discussions.

Call In

- 2.29. The call-in procedure allows the Performance Scrutiny Committee to compel the Cabinet to reconsider a decision made by its members, but not yet implemented. There must be compelling grounds for review. The committee considered one call in request this year at a special meeting in February 2016.
- 2.30. This request was in response to a councillor petition meeting the requisite number of signatures, and related to a Cabinet Member decision titled "Proposed Bus Lane & Parking/Waiting Restrictions – Orchard Centre (Phase 2), Didcot", particularly pertaining to traffic regulation orders consequential to a planning decision by South Oxfordshire District Council. The committee agreed that this decision should be referred back to Cabinet.
- 2.31. Following representations from members of the community, the Chairman agreed that the committee should scrutinise the process for granting licenses relating to road closures for the delivery of the Hospital Energy Project around Headington, and extended an invitation to the OUHNFT to discuss the adequacy of public consultation. This took place in February and the committee recommended a review of the protocol on Member Engagement with regard to petitions and its general effectiveness, and asked audit and governance committee to consider a review of key decisions in the next constitutional review.

Forward Planning

- 2.32. The council continues to face severe challenges around both funding and demand. This will bring significant changes both in terms of how the council itself operates, and how services are delivered. Both of these will be themes for the Performance Scrutiny Committee in 2016-17, as well as continuing the ongoing scrutiny of performance, and the management of any call-ins.
- 2.33. Recognising the increasing importance of working in partnership and effective commissioning the committee is likely to wish to look at these in more detail in the coming year, including scrutiny of the council's commissioning framework, and examination of the annual 'partnerships report' in addition to the standing item at full council.

3. Education Scrutiny Committee

- 3.1. The Education Scrutiny Committee has a membership of 11 county councillors, 4 co-opted members and is chaired by Cllr Mark Gray. The county councillor membership is politically proportional to the membership of the Council. The committee met five times in 2015/2016.
- 3.2. The Education Scrutiny Committee provides a county wide view of the provision of all the schools in Oxfordshire. As stated in the Terms of Reference of the committee, the key functions of the committee include:
- To assist the Council in its role of championing good educational outcomes for Oxfordshire's children and young people;
 - To provide a challenge to schools and academies and to hold them to account for their academic performance;
 - To promote joined up working across organisations in the education sector within Oxfordshire;
 - To review the bigger picture affecting academic achievement in the county so as to facilitate the achievement of good outcomes;
 - To represent the community of Oxfordshire in the development of academic achievement across the county, including responding to formal consultations and participating in inter-agency discussions;
 - To contribute to the development of educational policy in the county.
- 3.3. In 2015/16 there was a standing working group chaired by Cllr Peter Handley, focusing on issues around Young People Not in Education, Employment or Training (NEETs). The group concluded its work in December 2015 when it presented its key findings and recommendations to the committee.

System Diversity & Relationship with Academies

- 3.4. The academies programme has transformed England's educational landscape, and so in 2015-16 the committee was keen to consolidate its understanding of the changing educational landscape in Oxfordshire so that it could champion excellent educational outcomes for children in the county in an effective way.
- 3.5. By looking at national and local trends in education, members considered the complex education system in the county and the main responsibilities of the council in relation to academies. The committee was clear that the council must continue its role as a community leader and work together with all its education partners in the county, stressing that they all have a moral duty to cooperate to enable children and young people in Oxfordshire schools to achieve their potential.
- 3.6. One key question for the committee was around how to scrutinise and challenge academies in the absence of formal powers. Martin Post, the Regional Schools Commissioner, was invited to address the committee on

this issue at the July 2015 meeting. The discussion helped send an important message in terms of the need to ensure that no school – council maintained or academy – remains un-scrutinised so that the best outcomes are achieved for all the children in the county.

- 3.7. The committee warned against over reliance on local authorities for local intelligence when there is increasing pressure on the council's resources, and stressed that there is a need for more clarity in relation to the Regional Schools Commissioner's role in relation to the free school policy and pupil place planning. The committee used the discussion as an opportunity to raise local concerns and make sure the Regional Schools Commissioner was aware of local challenges and issues. It was agreed that the Regional Schools' Commissioner will return to speak to the committee in a year's time.

Ofsted Framework for the Inspection of Local Authority Arrangements for Supporting School Improvement (LAASSI)

- 3.8. In November 2014 the government introduced a new statutory framework for inspections of local authority arrangements for supporting improvement in schools. The aim of these inspections is to assist local authorities in their duty to promote high standards and fulfilment of potential so that all children and young people benefit from a food education.
- 3.9. Over a number of meetings, the committee looked into detail at the focus areas for inspection, the national context, the risk assessment for the local authority and the steps taken to date by the county council to prepare for an inspection under this framework. The committee's forward plan of items for future consideration was amended to reflect the priority areas identified. This has helped ensure that the work of the committee is targeted on the most important areas so that the council is fully prepared in the event of an inspection of its school improvement services.
- 3.10. To further consolidate the committee's work in this area, Sir Robin Boshier, Ofsted Regional Director, was invited to address the committee in October 2015 on the work of Ofsted and its current priorities. In discussion with Sir Robin, the committee sought to clarify its role in providing a constructive challenge to schools and academies and in assisting the council in its role of championing good educational outcomes for children and young people in Oxfordshire. Sir Robin provided examples of best practice in terms of the scrutiny function in different local authorities across the country and explained that despite education being an evolving landscape, there is a clear role for elected members to play in scrutiny. Members reiterated their commitment to learning from best practice in other local authorities and to working with Her Majesty's Inspectors.

Educational Attainment of Vulnerable Groups

- 3.11. Last year the committee identified educational attainment of vulnerable children as a priority area. In 2015-16 the committee continued to scrutinise the council's work to improve outcomes for disadvantaged children.
- 3.12. At the July 2015 meeting, the Deputy Director for Education & Learning presented a report on the steps being taken to narrow the gap in achievement between vulnerable learners and other pupils. During discussion members considered the particular problems of small rural schools, and highlighted the fact that yet more work is required around supporting children from disadvantaged backgrounds. The committee stressed that role models in schools were important and careers advice must start at primary school level to be effective.
- 3.13. The committee also scrutinised the arrangements for supporting children on the edge of care and looked after children, and the Chairman of the committee paid a visit to the Virtual School for Looked After Children to see first-hand the support provided.
- 3.14. The committee will continue to monitor this issue and hold officers to account.

Use of Schools Revenue Balances

- 3.15. Following up on last year's work, the committee continued to scrutinise the use of schools' revenue balance. Last year the committee was keen to understand current levels of reserves held by schools and academies in Oxfordshire, and raised concerns over schools keeping large reserves. The committee firmly championed the principle of spending today's funding for today's children.
- 3.16. Acting on the committee's recommendation, meetings were held with maintained schools in Spring 2015 to challenge plans for use of balances, where schools had consistently retained surplus revenue balances at the end of the last four financial years. The Cabinet Member for Children, Education & Families and the Chairman of the Education Scrutiny Committee attended the meetings along with the Interim Deputy Director for Education & Learning and the Finance Business Partner for Children, Education & Families. The Headteacher and Chair of Governors or Finance Governor attended from each school. At these meetings, schools were:
- questioned about differences between projected year balances and actual outturn
 - asked to explain how the balances had arisen, what the plans were for use of balances, and the reasons for any delays in implementing plans
 - challenged about any areas where performance appeared low
 - asked whether they thought they had any gaps in expertise on their Governing Body, particularly in relation to finance

- if governors received sufficient financial information and in a clear format, to allow them to effectively fulfil their responsibilities for overseeing the management of the resources available.
- 3.17. The meetings helped uncover the various reasons behind each school's surplus balances, and overall the panel concluded that the schools were managing their budget effectively, especially in light of the challenges facing small schools and the uncertainty around rapid expansion.
- 3.18. The committee also received an update on the 2014-15 Year End Balances in its October 2015 meeting, which showed that overall the level of balances for the 41 schools previously identified as having consistently held surplus balances has reduced by £700,795, a reduction of nearly 15% on the 2013-14 balances, with 28 of the 41 schools showing a reduction.
- 3.19. The committee welcomed the overall reduction in balances, and urged officers to continue to scrutinise and challenge schools on their use of balances.

Breakfast Clubs

- 3.20. At the recommendation of the Council, the committee considered the local provision of breakfast clubs in schools in its April 2015 meeting. There are 187 breakfast clubs in Oxfordshire, but less than 7% of 5- to 11-year-olds have access to them. For the 53,971 primary school children in this age range, there are only 3,581 places at breakfast clubs. Research shows that these clubs can play an important role in raising attainment, improving absence rate and lateness.
- 3.21. The committee heard that the most significant challenge to breakfast provision in schools is finance, as schools and academies have to either use their own resources or seek charitable or private business grants to set up and run breakfast clubs.
- 3.22. The committee noted the clear benefits linked to the provision of breakfast in schools including improved attendance, attention, behaviour and learning. Members were adamant that all schools and education partners should be encouraged to set up breakfast clubs and link up with schools or academies which do have breakfast clubs. As recommended by the committee, a letter was sent to all Headteachers and governing boards in Oxfordshire to ask them to consider setting up breakfast clubs. The committee's call for more schools to consider providing a breakfast club was covered in the local media, adding further weight to the recommendation of the committee.

Young People Not in Education, Employment or Training (NEETs)

- 3.23. At the July 2015 meeting of the Education Scrutiny Committee, it was agreed to set up a working group to consider in further detail the issue of young people not in education, employment or training (NEETs) in Oxfordshire. The group was chaired by Cllr Peter Handley, and membership consisted of the

following Education Scrutiny Committee members: Cllr Mark Gray, Cllr Michael Waine, and Cllr Steve Curran.

- 3.24. The group looked at the overall numbers of NEETs in Oxfordshire and scrutinised the way the county council is meeting its statutory duties in relation to NEETs. Members heard that figures have improved significantly over the last few years and that Oxfordshire is in a strong position compared to its statistical neighbours. The working group also discussed the employment and apprenticeship opportunities available to young people in Oxfordshire, and heard from officers that the county council is working closely with local employers and schools to match job opportunities with young people and to make sure young people have the right skills and training when they leave education.
- 3.25. Overall the working group were satisfied that the county council has robust systems in place to deal with NEETs and acknowledged that while individual cases of concern may occur, the county council provides appropriate support to young people not in education, employment or training in Oxfordshire and that the system used for updating children leaving education is working well.

Recruitment & Retention of Teachers

- 3.26. As schools across the country are facing a teaching recruitment crisis, the committee was keen to look at the local picture in Oxfordshire and understand what the Council and other educational partners have done so far to support the recruitment and retention of teachers in the county, and what more needs to be done both locally and nationally. A range of educational experts were invited to address the committee including the Director of the Oxfordshire Teaching Schools Alliance, Headteachers from schools in both rural and urban settings, and the Head of the School of Education at Oxford Brookes University.

Forward Planning

- 3.27. The committee will continue to look at the attainment of vulnerable learners to ensure that the county council is taking effective steps to narrow the gap in attainment. It is envisaged that the committee will continue to develop its relationship with the Regional Schools Commissioner and the Ofsted Regional Director, as they are both due to address the committee again in 2016-17. In addition the committee will consider issues such as elective home education, the provision of school places in areas of growth, permanent exclusions and behaviour in schools.
- 3.28. There are planned visits of the committee to the Endeavour Academy in Oxford which provides specialist support for children and young people with autism and learning difficulties, and to the UTC Oxfordshire in Didcot, reflecting the members' keen interest to engage more with individual schools.

- 3.29. The committee will continue to use its knowledge and expertise to provide challenge and scrutiny to ensure that the county council fulfils its obligations as champion of children in Oxfordshire in an environment in which many of the county council's statutory powers and resources have diminished considerably.

4. Health Overview and Scrutiny Committee

- 4.1. The Oxfordshire Joint Health Overview and Scrutiny Committee (OJHOSC) is a joint committee that has a membership of 7 county councillors, five district councillors, and three co-opted members and is chaired by Cllr Yvonne Constance OBE. The committee met six times in 2015/16. The key functions of the committee include:
- To review any matter relating to the planning, provision and operation of health services in Oxfordshire
 - To review and scrutinise services commissioned and provided by relevant NHS bodies and relevant health service providers
- 4.2. In total this year, 7 members of the public have addressed the committee.
- 4.3. The committee looked at a variety of health related issues and services to ensure the best health care provision for the residents of Oxfordshire. This report provides a review of seven key areas of the committee activity over 2015/16:

Delayed Transfers of Care

- 4.4. Delayed transfers of care have been a significant area of poor performance in Oxfordshire's health and social care system and, as a well-publicised issue, have been on the committee's radar for some years. In 2015/16, it was reported that, at any time, there were around 150 patients whose clinical care had been completed but remained in hospital waiting to be discharged. Whilst over the past couple of years, health and social care providers have worked to solve this issue, delays have not been significantly reduced.
- 4.5. In December 2015, a new initiative was proposed by the incoming CEO and management of Oxford University Hospitals NHS Foundation Trust to reduce delays. The committee requested that health representatives attend an extraordinary committee meeting to outline their pilot scheme designed to transform patient discharge. The scheme, 'Rebalancing the System' proposed that OUH purchase 150 beds in care homes for three months and close 75 acute beds. This would deliver home and nursing-home based care by redeploying resources outside of hospital. The committee agreed to support the pilot requiring OUH to report on progress and to consult fully with the public if it was decided to make the scheme permanent.
- 4.6. The committee is well placed to take a whole system view. At the December 2015 meeting, members were able to scrutinise the design of the system and note the risks of availability of beds and staff to serve them and question how the pilot would be monitored. The December discussion ensured that HOSC provided an additional layer of public scrutiny throughout the pilot scheme. At the following OJHOSC meeting in February 2016, representatives from the key organisations provided a progress report update. In April 2016, the health

partners are scheduled to attend a further meeting of OJHOSC, to provide a detailed evaluation of the successes and challenges of 'Rebalancing the System' over the 2015/16 winter months.

Transformation of Healthcare in Oxfordshire

- 4.7. The committee has long taken an interest in the integration of health and social care and the broader transformation of healthcare in Oxfordshire. In November 2015, Stuart Bell, Chief Executive of Oxford Health NHS Foundation Trust and Chair of Oxfordshire's Transformation Board attended OJHOSC to discuss the challenges facing Oxfordshire's health and social care system, and the vision for whole system transformation. A key part of this vision relates to developing a more integrated health and social care system. Members were able to scrutinise all aspects of the transformation plans examining issues such as workforce planning, population growth and public engagement.
- 4.8. At the December 2015 meeting, representatives from key health partners attended the extraordinary meeting of OJHOSC to inform members of the health and wellbeing aspects of the devolution proposal being presented to central government. They described how the proposal is designed to reduce the complexity of the current system by creating one system that brings together budgets, commissioning and decision making. OJHOSC members were able to provide some of the first public scrutiny of Oxfordshire's devolution plans. It was agreed that HOSC would receive future updates to enable scrutiny of the scheme as it progressed.
- 4.9. OJHOSC's scrutiny of the transformation of healthcare in Oxfordshire in 2015/16 underlines that the committee is well placed to offer scrutiny of the whole system of health and social care in Oxfordshire and the strategic direction of travel as it progresses.

Future of Intermediate Care

- 4.10. The committee has taken a close interest in intermediate care this year, particularly the provision of intermediate care in Chipping Norton. This item came to the July 2015 meeting of OJHOSC, where members were able to scrutinise the plans to deliver the intermediate care service in the Henry Cornish Centre, Chipping Norton through Order of St John. Members were provided with an update and full report on the public consultation at the September meeting of OJHOSC. Following County Cabinet approval in January 2016, members also received an update at the February 2016 meeting. The scrutiny by OJHOSC on this item over the past year has ensured that there has been an additional layer of public scrutiny of the services provided.

Partner Liaison

- 4.11. Developing the awareness of the work of OJHOSC through regular liaison meetings with key partners across Oxfordshire is a key part of ensuring that the committee can conduct effective scrutiny. In 2015/16 the OJHOSC Chairman met with and/or set up future meetings with representatives from the following organisations: Oxfordshire Clinical Commissioning Group, Oxford University Hospitals NHS Foundation Trust, Oxford Health Foundation Trust, Care Quality Commission, Healthwatch, NHS England, South Central Ambulance Service and the Chairs of both Oxfordshire Safeguarding Adults Board and Oxfordshire Safeguarding Children Board. These meetings provided a means to highlight key areas for future scrutiny, to develop good relationships with key stakeholders and to raise awareness of scrutiny processes and the work of OJHOSC.

Training

- 4.12. In December 2015, OJHOSC members attended a specialist health scrutiny training session with John Cade from Birmingham University Institute of Local Government Studies. This session followed a general training session for all scrutiny members and a specialist scrutiny Chairman's training session attended by the OJHOSC Chairman in November 2015. These training sessions informed members of the national and legislative context of health scrutiny and the relationships between health overview and scrutiny committees, NHS organisations, Healthwatch and Health and Well-being boards. Members commented on how useful these sessions had been in informing their understanding of effective scrutiny and best practice.

Understanding 'Substantial Change' in Services

- 4.13. Following best practice, OJHOSC has a framework which is used to ensure that all health providers in Oxfordshire can be held to account regarding service changes. In February 2015, the toolkit framework was updated in line with Department of Health Local Authority Guidance (2014). Since then, the OJHOSC framework has been used a number of times. In 2015/16, the toolkit framework was further updated in line with feedback from councillors and key healthcare partners. It was amended to ensure greater clarity of the process of assessing substantial change and to make the framework more user-friendly. OJHOSC approved the new toolkit in February 2016 and since then it has been taken to all partner liaison meetings for any response and feedback and with a reminder that OJHOSC expects the framework to be considered and completed in relation to future developments.

Forward Plan

- 4.14. In 2016/17, the committee will continue to scrutinise planned changes in the provision of healthcare in Oxfordshire, service delivery, the performance and quality of services and the patient experience. The committee aims to focus their scrutiny on key areas of change, quality and performance to ensure impact. It will also scrutinise steps towards the broader transformation of healthcare in Oxfordshire including steps towards integration of health and

social care and devolution proposals regarding health and wellbeing in the county. The committee will also focus on the work of the new health inequalities commission in Oxfordshire.

5. Cabinet Advisory Groups

- 5.1. Cabinet Advisory Groups (CAGs) are informal member working groups designed to help Cabinet consider how to deal with specific issues, and to help in the development of key policies. Topics can be proposed by any member or scrutiny committee and must be agreed by Cabinet. They are not formal meetings of the council, and nor do they have the status of an advisory committee under the Local Government Act 1972. They are chaired by the relevant Cabinet portfolio holder and report directly to Cabinet.
- 5.2. There is currently one Cabinet Advisory Group in operation - Income Generation. Additionally, the Early Intervention CAG closed in February 2016 and the Minerals & Waste CAG is currently dormant. Membership details are provided in Annex 2.

Income Generation CAG

- 5.3. The Income Generation CAG previously ran from July 2013-January 2014 under the chairmanship of Cllr Arash Fatemian, and reconvened in April 2015 under Cllr Lawrie Stratford in response to the need for the council to cope with increasing budget pressures. The group is focusing specifically on:
- Updating the current corporate charging policy.
 - Reviewing existing services that we currently charge for and opportunities for increasing these charges.
 - Identifying skills or services we offer that could be offered out.
 - Investigating discretionary services that we do not currently charge for where we may want to introduce charges.
 - Considering opportunities for generating income from property.
- 5.4. The CAG is exploring a number of different options for income generation, including the possibility of employing a dedicated income generation officer and developing opportunities for generating income from property and land holdings.
- 5.5. On 8 December 2015, Council passed a motion from Cllr Nick Hards calling for the Income Generation CAG, in conjunction with the Cabinet Member for Property, to set up a task & finish group to produce an interim report by June 2016 which:
- a) Reviews the buildings which the council currently owns or leases in Oxfordshire;
 - b) Considers the present and future requirements of our office based staff;
 - c) Explores the options for making the most cost effective way of using these buildings which we own or lease; and
 - d) Makes recommendations to Cabinet as to savings which could be made and income which could be generated from our property.

- 5.6. To this end, the Income Generation Cabinet Advisory Group has refreshed its membership and is currently working to produce a report for Cabinet by June 2016.
- 5.7. Other issues which the CAG is looking to consider over the upcoming months include:
- Workplace charging
 - One Public Estate Programme
 - Sponsorship of highways assets
 - Selling staff expertise
 - Various other suggestions/opportunities as raised by members

Early Intervention CAG

- 5.8. The role of the Children's Early Intervention Cabinet Advisory Group was to explore the issues related to the future provision of early intervention services for children in Oxfordshire and make recommendations with particular regard to cost-saving. The key tasks and responsibilities of the group were:
- To consider the emerging national evidence and policy relating to children's centres and early intervention services.
 - To undertake visits to children's centres and early intervention hubs as necessary to help inform thinking.
 - To conduct research, community and other consultation in the analysis of policy and possible options.
 - To liaise with other organisations operating within Oxfordshire, whether national, regional or local.
 - To consider relevant benchmarking with other authorities.
 - To consider any petitions, received by the Council which may be of relevance to the topic area under consideration.
 - To submit findings and recommendations to the Cabinet.
- 5.9. The Early Intervention CAG presented a report to Cabinet on 23 June 2015, which recommended consulting on the creation of one coherent 0-19 years' service rather than continuing with an early intervention service divided by age groups. This approach was accepted by Cabinet, and the consultation on future arrangements in children's social care ran from 14 October 2015 - 10 January 2016.
- 5.10. At its final meeting on 25 January 2016, the group reviewed the analysis of the consultation outcomes and how officers planned to respond to this. On the basis of this, a slightly revised model was agreed by Cabinet on 23 February 2016.

Minerals and Waste CAG

- 5.11. The Minerals and Waste CAG met through late 2013 and 2014 and discussed issues relating to the preparation of the Oxfordshire Minerals and Waste Local Plan. Due to the range of members interested in the issue, the usual rules on maximum size and political balance were not applied to the CAG.
- 5.12. Part 1 of the Oxfordshire Minerals and Waste Local was approved got submission to the Secretary of State for independent examination by full County Council on 24 March 2015. Following this, the CAG has been dormant. It is likely that the CAG may be required to reconvene for the development of Part 2 of the plan later in 2016, and they have been briefed electronically regarding developments in the interim.

6. Conclusion

- 6.1. Challenges remain ahead for Oxfordshire County Council. Budget pressures will be an ongoing challenge, and it is likely that the landscape of local government will continue to change over the coming years. Devolution, changes to the way local government is funded and reorganisation at both a local and national level are likely to significantly alter the way that Oxfordshire County Council functions. Going forward, it will be even more important than ever that scrutiny is robust, challenging and effective.
- 6.2. Oxfordshire County Council's scrutiny committees will continue to place emphasis on those areas where they can have the biggest influence, and will continue to look for opportunities to improve outcomes for the people of Oxfordshire.
- 6.3. The emphasis on close joint working will include working closely with partners to ensure the best possible services are delivered, whether we are directly responsible for the service or not. This also means being able to carefully and sensitively scrutinise the work of our partners where necessary, and this is an area of work that the chairmen are keen to focus on going forward.

Annex 1: Scrutiny Committee Membership**Performance Scrutiny Committee**

Councillor Liz Brighthouse OBE (Chairman)
 Councillor Neil Fawcett (Deputy Chairman)
 Councillor Lynda Atkins
 Councillor John Christie
 Councillor Sam Coates
 Councillor Yvonne Constance OBE
 Councillor Janet Godden
 Councillor Mark Gray
 Councillor Steve Harrod
 Councillor Stewart Lilly
 Councillor Charles Mathew

Education Scrutiny Committee

Councillor Mark Gray (Chairman)
 Councillor Michael Waine (Deputy Chairman)
 Councillor Kevin Bulmer
 Councillor Steve Curran
 Councillor Tim Hallchurch MBE
 Councillor Pete Handley
 Councillor Steve Harrod
 Councillor John Howson
 Councillor Richard Langridge
 Councillor Sandy Lovatt
 Councillor Gill Sanders

Co-Optee

Mrs Sue Matthew

Health Overview and Scrutiny Committee (HOSC)

Councillor Yvonne Constance OBE (Chairman)
 District Councillor Martin Barrett (Deputy Chairman)
 Councillor Kevin Bulmer
 Councillor Surinder Dhesi
 Councillor Tim Hallchurch MBE
 Councillor Laura Price
 Councillor Alison Rooke
 Councillor Les Sibley
 District Councillor Nigel Champken-Woods
 District Councillor Monica Lovatt
 District Councillor Susanna Pressel
 District Councillor Nigel Randall

Co-Optees

Moria Logie
 Dr Keith Ruddle

Anne Wilkinson

Annex 2: Cabinet Advisory Group Membership

Income Generation Cabinet Advisory Group – Before 8 December 2015

Councillor Lawrie Stratford (Chairman)
Councillor Roz Smith (Vice-Chairman)
Councillor David Bartholomew
Councillor Charles Mathew
Councillor John Sanders
Councillor Les Sibley

Income Generation Cabinet Advisory Group – After 8 December 2015

Councillor Lawrie Stratford (Chairman)
Councillor Nick Hards (Vice-Chairman)
Councillor David Bartholomew
Councillor Nick Carter (in his capacity as Cabinet Member for Property)
Councillor Charles Mathew
Councillor John Sanders
Councillor Les Sibley
Councillor Richard Webber

Early Intervention Cabinet Advisory Group

Councillor Melinda Tilley (Chairman)
Councillor Mark Gray (Vice-Chairman)
Councillor Hilary Hibbert-Biles
Councillor Gill Sanders
Councillor Richard Webber

Minerals and Waste Cabinet Advisory Group

Councillor David Nimmo-Smith (Chairman)
Councillor Anne Purse (Vice-Chairman)
Councillor Lynda Atkins
Councillor Mark Gray
Councillor Patrick Greene
Councillor Nick Hards
Councillor Bob Johnston
Councillor Lorraine Lindsay-Gale
Councillor Charles Mathew
Councillor George Reynolds
Councillor John Sanders
Councillor John Tanner

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AUDIT & GOVERNANCE COMMITTEE – 20 APRIL 2016

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on Thursday 7 April 2016

The meeting was attended by:

Chairman Dr Geoff Jones; Cllr David Wilmshurst; Cllr Sandy Lovatt; Cllr Roz Smith; Cllr Nick Hards; Cllr Jenny Hannaby; Ian Dyson, Chief Internal Auditor; Nick Graham, Chief Legal Officer and Monitoring Officer; Joanne Hillier (minutes).

Cllr Lawrie Stratford, Cabinet Member for Finance attended the meeting as an observer.

Part Meeting:

AWG 15.50 Sandra Pearce, Transport Hub Manager and Andy Ball, Programme Delivery Manager; AWG 15.52 – AWG 15.55 Neil Shovell, Audit Manager.

Apologies:

Lorna Baxter, Chief Finance Officer

Matters to Report:

AWG 15.50 Transport Safeguarding

The Group was pleased to note the progress made, and that systems are operating well with good management oversight providing assurance. The Group acknowledged that the scope of the work had been extended to working with the Licensing Authorities to promote safeguarding standards and the development of safeguarding practice and procedures. The improvement plan remains on-going, but the Group was content with the governance in place. A further report was requested in six months.

AWG 15.51 Corporate Finance Restructure

Ian Dyson updated the Group on his new role of Assistant Chief Finance Officer (Assurance). In taking this role Ian Dyson will be relinquishing the role of Chief Internal Auditor. On an interim basis that role will be undertaken by Sarah Cox, Audit Manager.

AWG 15.52 Risk Management Update

A new Risk and Assurance Policy has been drafted and is currently being consulted on with Directorate Management Teams. The Policy will be presented to the Audit and Governance Committee at the July meeting.

The Group reviewed the Q3 CCMT Risk Report that was provided for information, and discussed how it wanted to review the system of risk management in 16/17. It was agreed that the cyclical presentations by the Directorate Risk Leads over the past two years gave them assurance that the system is well established, and so

have now decided to review specific risks in more detail. The Transport Infrastructure risk included in Q3 report was selected as the first one to be considered in depth at the September meeting.

AWG 15.53 – AWG 15.55

**Key Financial Systems – design of control
Business Data Upload Review
Purchasing Cards**

These three items all related to financial systems and were considered together in a general discussion. There was a consistent underlying issue of unacceptable financial control including management oversight caused by a current lack of effective management information. It was reported there was no evidence of loss or error, but the current system of control does not provide assurance going forward. It is understood that the Internal Audit Progress Report, to be received by the Committee in April, will set out a summary of the key issues. The Assistant Chief Finance Officer (Assurance) post has been created to deliver an improvement plan for financial control and system of assurance. The Group is highlighting this to the Audit & Governance Committee as a significant concern, and is recommending that the Committee receives a detailed project plan and routinely receives progress reports until satisfied the improvements have been delivered.

The date of the next meeting is Thursday 26 May 2016, 2:00-4:00.

The Committee is RECOMMENDED to:

- (a) note the matters being reported;**
- (b) require a detailed financial control improvement plan from the Assistant Chief Finance Officer, and routinely monitor progress against that plan.**

LORNA BAXTER

Chief Finance Officer

Contact: Officer: Ian Dyson, Assistant Chief Finance Officer (Assurance) Tel
01865 323875

ian.dyson@oxfordshire.gov.uk

AUDIT & GOVERNANCE COMMITTEE – 13 JANUARY 2016 WORK PROGRAMME - 2016

2016

13 January 2016

Treasury Management Strategy (Lewis Gosling)
Internal Audit Plan Update and Progress Report (Ian Dyson)
Report from the Councillor Profile Working Group (Andrea Newman)

24 February 2016

SCS LEAN and IT system update (Kate Terroni)
Audit Committee Annual Report to Council 2015
Update on Hampshire Partnership (Lorna Baxter)
Ernst & Young Audit Plans and Sector Briefing (Alan Witty)

20 April 2016

Internal Audit Services – Internal Audit Strategy & Annual Plan (Ian Dyson)
Review of Effectiveness of Internal Audit (Nick Graham)
External Auditors Progress Report (EY)
External Auditors Grant Claim Report (EY)
Annual Scrutiny Report (policy)
Corporate Governance Plan (NG)
Monitoring Officer Annual Report (NG)
Progress Report on the Actions in the 2014/15 Annual Governance Statement (LB)

13 July 2016

Annual Governance Statement - 2014/15
Annual Report of the Monitoring Officer (Nick Graham)
Annual Report of the Chief Internal Auditor (Ian Dyson)
Statement of Accounts 2015/16 (Lorna Baxter)
Treasury Management Outturn 2015/16
Fire & Rescue Service Statement of Assurance 2015/16
Progress Report – EY
Update on Hampshire Partnership (Lorna Baxter)

14 September 2016

Final Accounts 2015/16 (Lorna Baxter)
Local Government Ombudsman's Review of Oxfordshire County Council (Nick Graham)
Annual Results – EY
Internal Audit Plan – Progress Report (Ian Dyson)
RIPA (Richard Webb)

9 November 2016

Annual Letter (EY)
Treasury Management Mid Term Review (Lewis Gosling)

Standing Items:

- Audit Working Group reports
(Ian Dyson)
- Audit & Governance Committee Work Programme – update/review
(Committee Officer/Chairman/relevant officers)
- Future of Adult Social Care in Oxfordshire – Regular Progress update on
Implementation Plan (**Quarterly**)

Other matters:

Risk Management Strategy

Risk Management Annual Report (Ian Dyson)

Appeals & Tribunals sub-Committee – details of recommendations resulting from appeals to the Home to School Transport Appeals, and Pension Benefits sub-Committee at which issues of dismissal and redundancy were decided,

Partnerships – Progress Report