



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

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

**Wednesday, 13 July 2016 at 2.00 pm**

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

Peter G. Clark  
County Director

July 2016

Contact Officers: *Colm Ó Caomhánaigh, Tel 07393 001096; E-mail:  
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**Membership**

Chairman – Councillor David Wilmshurst  
Deputy Chairman - Councillor Sandy Lovatt

*Councillors*

David Bartholomew  
Yvonne Constance OBE  
Tim Hallchurch MBE

Nick Hards  
Alison Rooke  
Roz Smith

John Tanner

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*Co-optee*

Dr Geoff Jones

**Notes:**

- ***Date of next meeting: 14 September 2016;***
- ***There is an all member briefing on the Commercial Operating Model prior to the meeting of Audit & Governance Committee (1.00 – 2.00 pm). Whilst this session is aimed at members of that committee in order to support them in their role, all members of Council are welcome to attend, should you wish to do so.***

## 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](mailto: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. **Election of Chairman for the 2016/17 Council Year**
2. **Election of Vice-Chairman for the 2016/17 Council Year**
3. **Apologies for Absence and Temporary Appointments**
4. **Declaration of Interests - see guidance note**
5. **Minutes (Pages 1 - 14)**

To approve the minutes of the meeting held on 20 April 2016 (**AG5**) and to receive information arising from them.

6. **Petitions and Public Address**
7. **Treasury Management Outturn 2015/16 (Pages 15 - 34)**

2.10 pm

Report by Chief Finance Officer (**AG7**)

The report sets out the Treasury Management activity undertaken in the financial year 2015/16 in compliance with the CIPFA Code of Practice. The report includes Debt and Investment activity, Prudential Indicator Outturn, Investment Strategy, and interest receivable and payable for the financial year.

***The Committee is RECOMMENDED***

- a) ***to note the report, and***
- b) ***to RECOMMEND Council to note the Council's Treasury Management Activity in 2015/16.***

8. **Annual Report of the Chief Internal Auditor (Pages 35 - 92)**

2.30 pm

Report by the Chief Internal Auditor (**AG8**)

This is the annual report of the Chief Internal Auditor, summarising the outcome of the Internal Audit work in 2015/16, and providing an opinion on the Council's System of Internal Control. The opinion is one of the sources of assurance for the Annual Governance Statement.

***The Committee is RECOMMENDED to:***

- (a) consider and endorse this annual report;***
- (b) approve the Internal Audit Charter included within Appendix 3 of this report;***
- (c) note the Quality Assurance and Improvement Programme included within Appendix 4 of this report.***

**9. Internal Audit Strategy and Internal Audit Annual Plan 2016/17 (Pages 93 - 100)**

2.50 pm

Report by the Audit Manager (**AG9**).

This report presents the Internal Audit Strategy and Annual Internal Audit Plan for 2016/17.

***The Committee is RECOMMENDED to:***

- a) approve the Internal Audit Strategy for 2016/17 and 2016/17 Internal Audit Plan; and,***
- b) approve the 2016/17 Counter-Fraud Plan.***

**10. Financial Control Improvement Plan (Pages 101 - 110)**

3.00 pm

Report by the Chief Finance Officer (**AG10**).

The Chief Financial Officer commissioned Internal Audit to undertake a review of the system of financial control following the implementation of the partnership with the Hampshire County Council's Integrated Business Centre (IBC), who deliver Finance and HR transactional operations on behalf of the Council. The internal audits and Senior Officers in Finance and HR have highlighted a number of areas of weakness in the OCC system of financial control. This report sets out the action plan to address the weaknesses and to provide efficient financial management systems, policies and procedures that will support the Council delivering effective services to our customers.

***The Committee is RECOMMENDED to:***

- (a) agree the Improvement Plan;***
- (b) receive progress reports and updates on effectiveness at all future committee meetings until further notice.***

## **11. Update on Hampshire Partnership - HR Update (Pages 111 - 118)**

3.20 pm

Report by the Chief Human Resources Manager (**AG11**).

This report focuses on the status of the HR Services after the first year of operation, includes an update of the issues reported outstanding in February and provides detail on other issues raised and actions taken for resolution since that date.

***The Committee is RECOMMENDED to***

- a) note the current position; and***
- b) agree that a further update be provided in 6 months.***

## **12. External Auditors (Pages 119 - 144)**

3.30 pm

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

- Audit Fee Letter 2016/17 (A. Witty / P. King)
- Oxfordshire Pension Fund Audit Plan
- Audit and Governance Committee Progress Report

***The Committee is RECOMMENDED to note the reports.***

## **13. Risk Management and Assurance Policy and Framework (Pages 145 - 168)**

3.50 pm

Report by the Chief Finance Officer (**AG13**)

The report seeks approval of the Risk Management and Assurance Policy and Framework. This has been updated to reflect not only good practice in risk management but also to include new requirements relating to assurance processes.

***The Committee is RECOMMENDED to approve the Risk Management and Assurance Policy and Framework.***

**14. Changes to arrangements for appointment of External Auditors**  
(Pages 169 - 174)

4.10 pm

Report by the Chief Finance Officer (**AG14**).

This report summarises the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

The Council will need to consider the options available and put in place new arrangements in time to make a first appointment by 31 December 2017.

***The Committee is RECOMMENDED to consider the options and agree an approach for the appointment of External Auditors:***

- (a) through a national Sector Led Body (i.e. Local Government Association);***
- (b) by establishing a stand-alone Auditor Panel to make the appointment on behalf of the Council; or***
- (c) commencing work on exploring the establishment of local joint procurement arrangements with neighbouring authorities.***

**15. Audit Working Group report** (Pages 175 - 178)

4.20 pm

Report by the Chief Finance Officer (**AG15**)

This report presents the matters considered by the Audit Working Group Meeting of 26 May 2016.

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

**16. Audit and Governance Committee Work Programme** (Pages 179 - 180)

4.40 pm

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

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**Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **Thursday 7 July 2016**

At **1.00 pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.