OXFORDSHIRE
COUNTY COUNCIL

To: Members of the Audit & Governance Committee

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

Wednesday, 26 April 2017 at 1.00 pm

Rooms 1&2 - County Hall, New Road, Oxford OX1 1ND

PG Clark

Peter G. Clark
Chief Executive   April 2017

*Committee Officers: Colm Ó Caomhánaigh, Tel 07393 001096; E-mail:
colm.ocaomhanaigh@oxfordshire.gov.uk*

Membership

Chairman – Councillor Sandy Lovatt
Deputy Chairman - Councillor David Wilmshurst

Councillors

David Bartholomew	Nick Hards	John Tanner
Yvonne Constance OBE	Alison Rooke	
Tim Hallchurch MBE	Roz Smith	

Co-optee

Dr Geoff Jones

Notes:

- *Date of next meeting: 12 July 2017*

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 **07776 997946** 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.

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AGENDA

1. **Apologies for Absence and Temporary Appointments**

2. **Declaration of Interests - see guidance note**

3. **Minutes** (Pages 1 - 4)

   To approve the minutes of the meeting held on 8 March 2017 (**AG3**) and to receive information arising from them.

4. **Proposed change of meeting date**

   RECOMMENDATION: That the Committee agrees to change the date of the Committee meeting originally scheduled for 12 July 2017 to take place on 5 July 2017, starting at 2pm.

5. **Petitions and Public Address**

6. **Annual Report of the Chief Internal Auditor 2016/17** (Pages 5 - 60)

   1.10pm

   Report by the Chief Internal Auditor (**AG6**).

   This is the annual report of the Chief Internal Auditor, summarising the outcome of the Internal Audit work in 2016/17, 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.

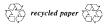   **The committee is RECOMMENDED to consider and endorse this annual report.**

7. **Internal Audit Strategy & Annual Plan 2017/18** (Pages 61 - 72)

   1.40pm

   Report by the Director of Finance (**AG7**).

   This report presents the Internal Audit Strategy and Annual Internal Audit Plan for 2017/18.

   The committee is RECOMMENDED to:

(a)   **Approve the Internal Audit Strategy for 2017/18 and 2017/18 Internal Audit Plan; and,**

(b)   **Approve the 2017/18 Counter-Fraud Plan.**

8.   Audit Committee Annual Report to Council 2016 (Pages 73 - 86)

2.10pm

Report by the Chairman of the Audit & Governance Committee to be presented to The Council (**AG8**).

The Annual Report sets out the role of the Audit & Governance Committee and summarises the work that has been undertaken both as a Committee and through the support of the Audit Working Group in 2016/17.

The Committee is RECOMMENDED to consider the Annual Report and suggest any additions or amendments.

9.   Annual Scrutiny Report (Pages 87 - 110)

2.30pm

This Scrutiny Annual Report (**AG9**) provides a summary of the work of the council's overview and scrutiny function in 2016/17. 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

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

10.   External Auditors (Pages 111 - 116)

2.50pm

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

* Progress Report

11.   OFRS Statement of Assurance 2016-17 (Pages 117 - 148)

3.10pm

Report by the Chief Fire Officer (**AG11**)

The Fire and Rescue National Framework for England (the Framework) sets out a

requirement for fire and rescue authorities to provide an annual statement of assurance on financial, governance and operational matters and to show how they have due regard to the requirements of the Framework and the expectations set out in authorities' own integrated risk management plans.

To demonstrate this, the Framework requires that each authority must publish an annual statement of assurance. The Statement of Assurance 2016/17 document is intended to meet the obligation to produce this statement through reference to public webpages, existing reports and documents.

The Committee is RECOMMENDED to approve the report.

12. Annual Governance Statement (Pages 149 - 172)

3.40pm

Report by the Director of Law and Governance and Monitoring Officer (**AG12**).

The Audit & Governance Committee has the responsibility for approving the Council's Annual Governance Statement (AGS).

Local authorities are required to prepare an AGS so as to be transparent about their compliance with good governance principles. This includes reporting on how they have monitored and evaluated the effectiveness of their governance arrangements in the previous year, and setting out any planned actions in the coming period.

This report outlines the changes to the format of the Statement as recommended in good practice guidance, sets out a review of actions from last year's Statement and includes a proposed set of actions for the 2017/18 year.

The Committee is RECOMMENDED to approve the Annual Governance Statement 2016/17, subject to the Director of Law and Governance making any necessary amendments in the light of comments made by the Committee, after consultation with the Leader of the Council, Chief Executive and Section 151 officer.

13. Audit Working Group report (Pages 173 - 174)

4.00pm

Report by the Director of Finance (**AG13**)

This report presents the matters considered by the Audit Working Group Meeting of 5 April 2017.

The Committee is recommended to note the report.

14. Audit & Governance Committee Work Programme (Pages 175 - 176)

4.10pm

To review the Committee's Work Programme (**AG14**).

Close of meeting

An explanation of abbreviations and acronyms is available on request from the Chief Internal Auditor.

Pre-Meeting Briefing
There will be a pre-meeting briefing at County Hall on **Date Not Specified** at **Time Not Specified** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 8 March 2017 commencing at 2.00 pm and finishing at 4.00 pm

Present:

Voting Members: Councillor Sandy Lovatt – in the Chair

Councillor David Wilmshurst (Deputy Chairman)
Councillor David Bartholomew
Councillor Yvonne Constance OBE
Councillor Tim Hallchurch MBE
Councillor Nick Hards
Councillor Alison Rooke
Councillor Roz Smith
Councillor John Tanner

Non-voting Members: Dr Geoff Jones

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

Officers:

Whole of meeting   Lorna Baxter, Director of Finance; Ian Dyson, Assistant Chief Finance Office (Assurance); Sarah Cox, Chief Internal Auditor, Colm Ó Caomhánaigh, Committee Officer.

Part of meeting

Agenda Item   **Officer Attending**
5   Graham Shaw, Director of Customer Experience

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

12/17   APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 1)

No apologies were received.

13/17   DECLARATION OF INTERESTS - SEE GUIDANCE NOTE
(Agenda No. 2)

There were no declarations of interest.

14/17   MINUTES
(Agenda No. 3)

The minutes of the meeting of 11 January 2017 were approved and signed.

Under item 9/16 Constitutional Review, in relation to speaking rights at planning meetings, Councillor Bartholomew noted that the responses from the City and District Councils were mixed. Some were refusing to introduce reciprocal arrangements for County Councillors at their meetings. He asked what was the next step. The Chairman responded that the councils were autonomous and made their own arrangements. If any Member wished to change the County Council rules they should put a motion to Full Council. Councillor Constance offered to bring it up at the Vale's Constitutional Review but they had only recently completed a review.

15/17   TRANSFORMATION UPDATE
(Agenda No. 5)

Ms Baxter and Mr Shaw gave a slide presentation on the transformation programme, now called "Fit for the Future". The previous five work streams have been consolidated into three: Digital First, Business Efficiencies and Place with a substantial programme of work also on Children's Services. Staff now get regular updates via email and intranet and secondment opportunities will be introduced shortly. The breakdown of the first phase budget was outlined.

Members raised a number of points with the Officers who responded as follows:
- They are communicating also with external partners as appropriate and one strand of work focusses on inter-operability of systems with partners.
- The hub being established for programme staff will have 20 to 30 people but they will not necessarily there all the time.
- Some funds have become available because the broadband rollout will not cost as much as originally expected - even when the remaining 5% of the county has been reached.
- Mr Shaw agreed to look at the problems for 'dual-hatter' councillors who need to access the County network as well as their local council network.
- On-line services are not replacing existing services but will offer the option to those who want it and will save the Council money.
- In relation to concerns about data security, protocols are already in place and this programme will examine if they need to be updated.
- The number of community hubs still needs to be decided but they could provide opportunities for hot-desking which is already being encouraged for staff.

The Chairman thanked Officers for the presentation and noted that it seemed that improvements that had been promised for a long time were beginning to be achieved now.

16/17 UPDATE ON FINANCE IMPROVEMENT PLAN
(Agenda No. 6)

Mr Dyson summarised the latest report on the Finance Improvement Plan. He reported that more time was being spent now on strategic improvements and less on control issues. The Audit Working Group gets regular updates and is generally satisfied with progress. He added that there was a meeting on 2 March regarding duplicate payments to assign responsibility for ensuring that funds are received.

Mr Dyson provided more information in response to Members' questions:
- With the retirement of the Legal Executive handling debt recovery, the role is being reviewed to separate out work that does not need a legal person.
- With regard to the point that too many small purchases are being made by purchase order, Mr Dyson said that the number was in the thousands.
- It is too early to set targets for Payment Card Industry (PCI) compliance.
- The blockages in the purchasing process are mostly at purchase point.
- Payment cards can be like credit cards or can be pre-paid cards with credit loaded.

RESOLVED: to note the report.

17/17 EXTERNAL AUDITORS
(Agenda No. 7)

Mr King summarised the report from the external auditors noting that most of the relevant detail was on page 16 of the agenda. They expect to complete this year's audit by mid-August in anticipation of next year's earlier deadline at the end of July. They are part-way through their examination of the LOBO loans objection and expect to establish a view in the next few weeks.

In response to questions from Members with regard to the valuation of highways assets and the problem of deteriorating road surfaces, Mr King said it would be expected that standard metrics will be applied, for example a value per mile. Official guidance will have to include some consideration of the issue of deteriorating surface conditions.

RESOLVED: to note the report.

18/17 AUDIT WORKING GROUP REPORT
(Agenda No. 8)

Ms Cox summarised the report of the Audit Working Group meeting on 8 February 2017. In particular, the group noted concerns from the audit of Mental Health with the delivery of the action plan and asked for an update at its 21 June 2017 meeting.

RESOLVED: to note the report.

19/17 WORK PROGRAMME
(Agenda No. 9)

The Committee agreed the Committee's work programme, subject to the following changes:

- Update on Hampshire Partnership will be deferred from the April meeting and taken with the HR Update at the July meeting.
- The OCC Accounts 2016/17 will be brought forward from the September meeting to the July meeting.
- A Review of Performance Management of the Highways Partnership Contract will be added to the July meeting.

.... in the Chair

Date of signing   2017

Oxfordshire County Council

Internal Audit Services

Annual Report of the Chief Internal Auditor

2016/17

OXFORDSHIRE
COUNTY COUNCIL
INTERNAL AUDIT SERVICES

Author: Sarah Cox, Chief Internal Auditor. April 2017

1   INTRODUCTION

1.1   BACKGROUND

1.1.1   The Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The Public Sector Internal Audit Standards 2013 (PSIAS) updated in 2017, which sets out proper practice for Internal Audit, requires the Chief Internal Auditor (CIA) to provide an annual report to those charged with governance, which should include an opinion on the overall adequacies of the internal control environment.

1.1.2   The Accounts and Audit Regulations 2015 require the Annual Governance Statement (AGS) to be published at the same time as the Statement of Accounts is submitted for audit and public inspection. The internal timetable for submitting the accounts and publishing a draft AGS has been bought forward to end of June 2017. In order for the Annual Governance Statement to be informed by the CIA's annual report on the system of internal control, this CIA annual report was been produced for the April Audit and Governance Committee meeting. This is the full and final CIA annual report.

1.2   RESPONSIBILITIES

1.2.1   It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

1.2.2   The role of Internal Audit is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:

- The Council can establish the extent to which they can rely on the whole system; and,

- Individual managers can establish how reliable the systems and controls for which they are responsible are.

1.3   INTERNAL CONTROL ENVIRONMENT

1.3.1   The PSIAS require that the internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

1.3.2   The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:

- Achievement of the organisation's strategic objectives;

- Reliability and integrity of financial and operational information;

- Effectiveness and efficiency of operations and programmes;

- Safeguarding of assets; and

- Compliance with laws, regulations, policies, procedures and contracts.

1.3.3   In order to form an opinion on the overall adequacy and effectiveness of the control environment the internal audit activity is planned to provide coverage of financial controls, through review of the key financial systems, and internal controls through a range of operational activity both within Directorates and cross cutting, including a review of risk management and governance arrangements. The Chief Internal Auditor's annual statement on the System of Internal Control is considered by the Corporate Governance Assurance Group when preparing the Council's Annual Governance Statement.

1.4   THE AUDIT METHODOLOGY

1.4.1   The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment against the standards is completed on an annual basis and was last completed in May 2016. The areas of non-conformance highlighted for 2015/16 have now been addressed; the Internal Audit Charter is now in place and subject to annual review and approval by the Audit & Governance Committee, there is now a Quality Assurance and Improvement Programme in place and the Internal Audit Procedures Manual has now been reviewed and updated.

1.4.2   It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This must be completed by 31 March 2018 and therefore will need to be commissioned during 2017/18. The results will be reported back to the Audit & Governance Committee.

1.4.3   The Monitoring Officer has conducted a survey of Senior Management on the effectiveness of Internal Audit. The results from this survey will be presented to the July 2017 Audit & Governance Committee meeting

1.4.4   The Internal Audit Strategy and Annual Plan for 2016/17 were approved by the Audit and Governance Committee, who received quarterly progress reports from the CIA, including summaries of the audit findings and conclusions. The Audit Working Group also routinely received reports from the Chief Internal Auditor, highlighting emerging issues and for monitoring the implementation of management actions arising from internal audit reports.

1.4.5   The Internal Audit Plan, which is subject to continuous review, identified the individual audit assignments. The activity was undertaken using a systematic risk-based approach. Terms of reference were prepared that outlined the objectives and scope for each audit. The work was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence in forming an overall

opinion on the adequacy and effectiveness of the internal control framework.

1.4.6   Internal Audit reports provide an overall conclusion on the system of internal control using one of the following ratings:

GREEN   There is a strong system of internal control in place and risks are being effectively managed.

AMBER   There is generally a good system of internal control in place and the majority of risks are being effectively managed. However some action is required to improve controls.

RED   The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.

1.4.7   In appendix 1 to this report there is a list of all completed audits for the year showing the overall conclusion at the time audit report was issued, and the current status of management actions against each audit, (based on information provided by the responsible officers).

1.4.8   To provide quality assurance over the audit output, audit assignments are allocated to staff according to their skills and experience. Each auditor has a designated Principal Auditor or Chief Internal Auditor to perform quality reviews at four stages of the audit assignment: the terms of reference, file review, draft report and final report stages.

1.5   THE AUDIT TEAM

1.5.1   During 2016/17 the Internal Audit Service was delivered by an in house team, supported with the specialist area of IT audit which is outsourced. The team also work in collaboration with the Oxford City Council Investigation Team who provides counter-fraud resource.

1.5.2   Throughout the year the Audit and Governance Committee and the Audit Working Group were kept informed of staffing issues and the impact on the delivery of the Plan.

1.5.3   It is a requirement to notify the Audit and Governance Committee of any conflicts of interest that may exist in discharging the internal audit activity. There are none to report for 2016/17.

2   OPINION ON SYSTEM OF INTERNAL CONTROL

2.1   BASIS OF THE AUDIT OPINION

2.1.1   The 2016/17 Internal Audit Plan has been completed, with all reports finalised.

2.1.2   The plan is intended to be dynamic and flexible to change. It was revised during the year, and nine audits originally planned have been cancelled or

deferred. There were also three audits added to the plan. (these amendments were reported to the July 2016 and January 2017 Audit and Governance Committee meetings):

Cancelled or deferred:

- EE ICT Management Operations
- Governance Compliance Review
- Main Accounting
- Payments to Residential and Home Support Providers (deferred and started in April 2017 as part of 17/18 plan)
- Property
- Cloud Computing - back up
- Mobile Computing (deferred and will be started in Q1 of 17/18)
- PCI DSS Compliance
- S106 (deferred and started in April 2017 as part of the 17/18 plan)*

Additions to plan:

- Website Management
- Windows 10
- Thriving Families Spring Claim*

*Changes to the plan made following the January 2017 Audit and Governance Committee is the addition of the Thriving Families Spring Claim and deferring the S106 audit for 6 weeks to commence at the beginning of April. This audit was deferred to the 17/18 audit plan due to the additional time spent on the audit of the Capital Programme alongside some unexpected absences due to health issues with a member of staff. The scope of the audit has already been agreed and fieldwork now has commenced.

2.1.3   The completed internal audit activity and the monitoring of audit actions through the action tracker system enable the Chief Internal Auditor (CIA) to provide an objective assessment of whether systems and controls are working properly. In addition to the completed internal audit work, the CIA also uses evidence from other audit activity, including counter-fraud activity, and attendance on working groups e.g. Corporate Governance Assurance Group.

2.1.4   In addition to the internal audit reviews, the internal audit team has also reviewed the results of the assurance mapping undertaken with the directorates earlier in 2016, which aims to identifying the level of assurance those managers have over their critical services. This work is on-going and has identified some areas where actions are required, but these are not material to the overall level of assurance for 2016/17.

2.1.5   In giving an audit opinion, it should be noted that assurance can never be absolute; however, the scope of the audit activity undertaken by the Internal Audit Service is sufficient for reasonable assurance, to be placed on their work.

2.1.6   A summary of the work undertaken during the year, forming the basis of the audit opinion on the control environment, is shown in Appendix 1.

2.1.7   There have been 33 audits undertaken in 2016/17. There have been two audits which have been graded as RED during 2016/17; Mental Health and Capital Programme - governance and delivery.

2.1.8   The overall opinion for each audit, highlighted in Appendix 1, is the opinion at the time the report was issued. The internal audit reports contain management action plans where areas for improvement have been identified, which the Internal Audit Team monitors the implementation of by obtaining positive assurance on the status of the actions from the officers responsible. The current status of those actions is also highlighted in appendix 1, for each audit. Reports on outstanding actions have been routinely presented to Directorate Leadership Teams, and the Audit Working Group. The Chief Internal Auditors opinion set out in section 2.2 takes into account the implementation of management actions.

2.1.9   As part of governance arrangements developed when Oxfordshire County Council joined the Hampshire Integrated Business Centre (IBC) Partnership in July 2015 it was agreed that the Southern Internal Audit Partnership would provide annual assurance to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out by the IBC. The statement of assurance report has been received and is included in Appendix 3 of this report. The overall opinion given is that the framework of governance, risk management and management control is 'Adequate' and audit testing has demonstrated controls to be working in practice. Individual audit reports produced on the IBC key financial systems by Southern Internal Audit Partnership have been shared with Oxfordshire County Council.

2.1.10   The Anti-fraud and corruption strategy remains current and relevant. In 2016/17 there have been several instances of potential minor fraud reported.

2.1.11   The National Fraud Initiative data matching reports for the 2016 data match exercise have now been received. These are now being reviewed and key matches are being investigated.

2.1.12   It should be noted that it is not internal audit's responsibility to operate the system of internal control; that is the responsibility of management. Furthermore, it is management's responsibility to determine whether to accept and implement recommendations made by internal audit or, alternatively, to recognise and accept risks resulting from not taking action. If the latter option is taken by management, the Chief Internal Auditor would bring this to the attention of the Audit and Governance Committee.

2.1.13   The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

2.1.14   In arriving at our opinion we have taken into account:

- § The results of all audits undertaken as part of the 2016/17 audit plan;

- § The results of follow up action taken in respect of previous audits;

- § Whether or not any priority 1 actions have not been accepted by management - of which there have been none;

- § The affects of any material changes in the Council's objectives or activities;

- § Whether or not any limitations have been placed on the scope of Internal Audit – of which there have been none.

- § Assurance provided by Southern Internal Audit Partnership on the effectiveness of the framework of governance, risk management and control from the work carried out by the IBC on behalf of Oxfordshire County Council.

- § Corporate Lead Assurance Statements on the key control processes, that are co-ordinated by the Corporate Governance Assurance Group (of which the CIA is a member of the group), in preparation of the Annual Governance Statement.

2.2   CHIEF INTERNAL AUDITORS OPINION ON THE SYSTEM OF INTERNAL CONTROL

In my opinion, for the 12 months ended 31 March 2017, there is **reasonable** assurance regarding Oxfordshire County Council's overall control environment, to enable the achievement of the Council's outcomes and objectives.

This is a positive assurance as the organisation continues to operate under significant financial pressure and is undertaking continuous transformational change.

This demonstrates improvement from last year when the overall Chief Internal Auditor's opinion was qualified assurance over Oxfordshire County Council's system of internal control. This was due to a small number of limited assurance reports issued by Internal Audit in relation to key financial systems. Follow up work completed during 2016/17 has evidenced sufficient improvements in the financial control environment to enable the overall opinion to be reflected as such.

This opinion will feed into the Annual Governance Statement which will be published alongside the Annual Statement of Accounts.

2.2.1 The outcomes of the audits, including a summary of the key findings are reported quarterly to the Audit and Governance Committee. The summaries of the audits completed since the last report (January 2017) are attached as appendix 2;

- Schools - Mapping of S151 Assurance
- Childrens Social Care Management Controls
- Capital Programme - governance and delivery
- Pooled Budgets - contract management
- Adults Social Care Management Controls
- Budget Setting
- Unaccompanied Asylum Seeking Children
- Windows 10
- Money Management
- Pension Fund
- Thriving Familes Spring Claim
- Cloud Computing - Office 365 - part 3
- LEP
- Pensions Admin
- Accounts Payable
- Thematic Review - Schools HR contracts, combined with proactive fraud review.
- Accounts Receivable
- Personal Budgets including Direct Payments
- Highways - payments
- Payroll
- Client Charging

Since the last report to the Audit and Governance Committee, the report of the proactive fraud review of Travel and Expenses has been finalised. The executive summary is also included in Appendix 2.

2.3 INTERNAL AUDIT PERFORMANCE

2.3.1 The following table shows the performance targets agreed by the Audit Committee and the actual 2016/17 performance.

Measure	Target	Actual Performance 2016/17
Elapsed time between start of the audit (opening meeting) and the Exit Meeting	Target date agreed for each assignment by the Audit Manager, no more than three times the total audit assignment days	60% of the audits met this target. (2015/16 this was 58%, 2014/15 this was 52%)

Measure	Target	Actual Performance 2016/17
Elapsed time for completion of the audit work (exit meeting) to issue of draft report	15 Days	94% of the audits met this target. (2015/16 this was 96%, 2014/15 this was 83%)
Elapsed time between issue of draft report and the issue of the final report	15 Days	75% of the audits met this target. (2015/16 this was 48%, 2014/15 this was 69%)
% of Internal Audit planned activity delivered	100% of the audit plan by end of April 2017.	100% of the plan has been completed by the end of April 2017. (2015/16 this was 66%, 2014/15 this was 64%)
% of agreed management actions implemented within the agreed timescales	90% of agreed management actions implemented	As at 30 March 2017: 643 actions being monitored on the system (from 15/16). 72% implemented 21% not yet due 4% partially implemented 3% overdue
Customer satisfaction questionnaire (Audit Assignments)	Average score < 2	Based on 9 questionnaires returned the average score was 1.1. (15/16 was 1.07, 14/15 was 1.02)
Directors satisfaction with internal audit work	Satisfactory or above	The results of this will be reported to the July Audit & Governance Committee

RECOMMENDATION

The committee is RECOMMENDED to consider and endorse this annual report.

SARAH COX,

Chief Internal Auditor, April 2017

APPENDIX 1 - Implementation status of 2016/17 management actions.

Note implementation status is reported by management. Internal Audit has not yet undertaken any further testing to confirm.

Directorate	Audit	Overall Conclusion at Final Report Stage	Number of Management Actions agreed	Reported implementation status as at 29 March 2017
SCS	Mental Health	Red	24	17 not yet due, 4 implemented and 3 ongoing
SCS	Money Management	Green	2	1 not yet due and 1 implemented
SCS	Pooled Budgets - Contract Management	Amber	13	13 not yet due
SCS	Adults Safeguarding	Amber	4	4 not yet due
SCS	Personal Budgets inc Direct Payments	Amber	13	13 not yet due
SCS	Client Charging (including ASC debt)	Amber	13	13 not yet due
CEF	Unaccompanied Asylum Seeking Children	Amber	10	8 not yet due and 2 implemented
CEF	Thriving Families - Summer Claim	n/a	6	1 not yet due and 5 implemented
CEF	Thriving Families - Winter Claim	n/a	2	2 implemented
CEF	Thriving Families - Spring Claim	n/a	4	4 not yet due

Directorate	Audit	Overall Conclusion at Final Report Stage	Number of Management Actions agreed	Reported implementation status as at 29 March 2017
CEF	Children's Direct Payments	Green	3	3 implemented
CEF	Early Years Payments - Follow up	Amber	6	6 implemented
CEF	Childrens Safeguarding	Amber	8	4 not yet due and 4 implemented
Schools	Mapping of S151 assurance	Amber	3	3 not yet due
Schools	Thematic Review - Schools HR contracts, combined with proactive fraud review.	Green	1	1 not yet due
Corp / EE	Capital Programme	Red	20	20 not yet due
Corp / EE	LEP	Amber	11	10 not yet due and 1 implemented
EE	Highways Follow up	Amber	16	16 not yet due
ICT	Cloud Computing - Office 365 - part 1	Amber	7	6 implemented and 1 ongoing
ICT	Cloud Computing - Office 365 - part 2	Amber	8	2 implemented, 2 ongoing and 4 overdue
ICT	Cloud Computing - Office 365 - part 3	Amber	5	5 not yet due

Directorate	Audit	Overall Conclusion at Final Report Stage	Number of Management Actions agreed	Reported implementation status as at 29 March 2017
ICT	Website Management & Security	Amber	10	1 not yet due, 8 implemented and 1 ongoing
ICT	Windows 10 implementation	Green	4	1 implemented and 3 overdue
ICT	ICT application audit - Altair (Pensions Admin System)	Amber	7	5 implemented, 1 ongoing and 1 overdue
Corp	Budget Setting / Delivery of Savings	Amber	2	2 not yet due
Corp	Accounts Payable	Amber	3	3 not yet due
Corp	Accounts Receivable	Amber	11	10 not yet due and 1 implemented.
Corp	Treasury Management	Green	4	1 not yet due and 5 overdue
Corp	Payroll	Amber	11	11 not yet due.
Corp	Pensions Fund	Green	0	n/a
Corp	Pensions Admin	Green	0	n/a
Corp	Scheme of Delegation Application	Amber	3	1 not yet due, 1 implemented and 1 ongoing
Corp	BDU - monthly compliance checks on files uploaded to BDU	n/a	n/a	n/a

Directorate	Audit	Overall Conclusion at Final Report Stage	Number of Management Actions agreed	Reported implementation status as at 29 March 2017
Corp	BDU - compliance review, visiting officers and testing upload processes	Amber	7	7 implemented
Corp	Grant Certification (requests throughout year for CIA sign off)	n/a	n/a	n/a

APPENDIX 2
Summary of Completed 2016/17 Audits since last reported to the Audit & Governance Committee - January 2017.

Schools Assurance 2016/17

Opinion: Amber	04 January 2017	
Total: 03	Priority 1 = 0	Priority 2 = 3
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	3	

Overall Conclusion is Amber

Schools assurance has changed significantly over the past few years as a result of a reduction in resource in Corporate Services teams that used to undertake schools assurance activities, the decrease in the number of maintained versus academy schools and the move to IBC. Some of the main changes include the cessation of on-site school external assessments of the Schools Financial Value Standard (SFVS) managed by Corporate Finance, the Schools Finance team (EFS) moving from OCC to Hampshire County Council as part of the move to IBC and a shift from census figures informing the DSG being submitted directly to the Education Funding Agency (EFA) rather than via OCC. OCC still receive regular budget management information to review over and under spends and take action appropriately. For academy conversions, the financial management elements are undertaken by the CEF Finance Team within a dedicated OCC Academies team.

On-site financial external assessments of SFVS are no longer undertaken by OCC, since funding for this ceased in July 2016. The EFS Team do visit schools to provide financial support and advice, but not usually to audit unless this is specifically requested by the school. Their service is purchased by OCC. Internal Audit also do not carry out any regular programme of school audits. Internal Audit undertake schools audits on an ad hoc basis and one school audit has been undertaken in 2016/17. During the corporate Key Financial Systems audits, Internal Audit include school transactions within the sampling and there are a small number of days within the Internal Audit / Counter Fraud plans which are used to undertake directed thematic counter fraud work, such as most recently procurement cards and school HR contracts and payments.

An annual return has to be submitted by the Chief Finance Officer to the EFA to confirm the number of SFVS completed, and that a programme of audit is in place to provide assurance over their financial management and spend. OCC checks that all Self-assessments have been completed and signed by the Chair of Governors, but no longer audits or quality checks all returns. The Assurance form also confirms that all self-assessment forms were received for all maintained schools, however upon re-testing by Internal Audit, there were two forms which could not be located.

The EFS Team's role is to support and advise schools on financial matters. They provide OCC with the monthly budget management data. OCC place reliance on the EFS Team to provide assurance over the financial management within schools, however the arrangement has not been formalised and the written agreement between OCC and the EFS (EFS Accession Agreement for OCC) is still in draft and has therefore not been agreed. The draft version does not include any detail on accountability between OCC and the EFS Team for the delivery of accurate, prompt and insightful data, advice and assurance.

The Schools Financial manual of guidance is accessible to schools on the Intranet. However, it is not fully up to date, with many parts dated 2011 and some still blank. Internal Audit were informed that sections were only updated as and when necessary, however it does not appear that these have been updated following the move to IBC and the change in Contact details. The Corporate Finance team have an action underway to update this guidance.

From this year, the schools Repairs budget has been devolved to schools. There is currently a lack of assurance over expenditure of this budget to ensure the necessary repairs are being undertaken in order to remain compliant. However, the Health and Safety team are working with the relevant officers to set up the necessary assurance arrangements.

Children's Management Controls 2016/17

Opinion: Amber	17 January 2017	
Total: 08	Priority 1 = 0	Priority 2 = 08
Current Status:		
Implemented	01	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	07	

Overall Conclusion is Amber

There are approximately 430 school aged Looked After Children (LAC) and 450 post-16 LAC / Care Leavers in Oxfordshire, for whom OCC has a statutory responsibility as the Corporate Parent to ensure access to education and to provide support in achieving educational outcomes. This is achieved with the support of the Council's Virtual School which plans, supports and tracks their education, along with the child's school.

The audit mainly focused on the work of the Virtual School and found strong processes have been implemented for supporting and monitoring Looked After Children with their education.

A: Governance:

The Virtual School has clear policies, procedures, improvement and training plans in place to support their role in promoting LAC educational achievement. While reporting to the Children with SEN Manager, there is also regular communication with the Corporate Parenting Manager, and quarterly reporting to the Corporate Parenting Panel, who act as the Virtual School's School Governors. It was reported

to Internal Audit that a new sub-committee of the Panel is being established from January 2017 to provide a greater level of challenge and in-depth scrutiny of the Virtual School.

B: Systems and Processes:

PEPs

Testing during the audit found the PEPs reviewed were of sufficient quality and a good process is in place for agreeing and administering Pupil Premium funding. However, at the time of testing, three LAC in the sample of 20 did not have a PEP in place and a further two PEPs had been overdue at the time of the PEP meeting. A review of case notes on Frameworki found no evidence of Independent Reviewing Officers chasing for a PEP meeting in these cases.

From an internal audit review of LAC without a completed PEP, there were 22 without a PEP, of which 9 had not had a PEP meeting at all, and were an average of 30 days overdue (over and above the statutory guideline of 20 days), ranging from 8 to 59 days over. The other 13 LAC had had the PEP meeting but the record hadn't been completed by the Social Worker or Designated Teacher so had not been signed off by the Virtual School.

With regards incomplete PEPs, analysis by Internal Audit identified 89 where the PEP meeting had been held over 10 working days ago, which is the internal target for completing the PEP following the meeting (note that this figure includes the 13 reported above). The majority of these (89%) were due to delays in completion by the Social Worker and / or Designated Teacher. There was evidence to show the Virtual School chased Social Workers and Teachers to request completion of the PEPs.

A quarterly LAC scorecard is produced for the Corporate Parenting Manager, which includes data on educational attainment, absences and fixed term exclusions. However, there is no data reporting to senior management on the number of LAC without a completed Personal Education Plan (PEP) or the timeliness of completed PEPs. Following the audit, the Virtual School Manager intended to start reporting on this.

Attendance & Exclusions

A sound process is in place for monitoring LAC attendance, both on a daily basis as well as weekly attendance reviews.

Two out of the sample of 20 LAC reviewed by audit had particularly poor attendance (below 60%) at the time of testing, but a review of these confirmed the Virtual School are managing the cases well; one is now in a new placement with improved attendance and the Virtual School are continuing to work with various colleagues and organisations to improve the attendance for the other LAC.

Schools excluding LAC does remain an issue, however again there are processes in place to monitor this. While there were no permanent exclusions in 2015/16, there were 52 pupils with at least one fixed term exclusion (11.8%). These occurred mostly in Key Stage 3 and 4 so the Virtual School have been working closely with the secondary schools to identify alternative solutions, as evidenced for one school reviewed in the audit sample which has multiple LAC. Out of the sample of 20 LAC reviewed, four had at least one fixed term exclusion, all of which were well managed

by the Virtual School. At the time of testing 2 pupils were not on roll at a school, however there was evidence to show the Virtual School were working on these.

There are currently three pupils on reduced timetables, of which all were found to be appropriately overseen by the Virtual School. Reduced timetables are monitored and reported on, along with those not on roll, persistently absent, or refusing to attend, to senior management at monthly LAC attendance meetings.

<u>Post-16's and EET Plans</u>

The post-16 team provide support to those Leaving Care, completing PEPs for those in education and training, and EET Plans for those not in Education, Employment & Training. Only one of the three NEET reviewed had a formal EET plan in place, and this was dated 2015. This does not reflect the support provided to the young people though - there is evidence on FWi of multiple EET interventions by various teams, but they are not committed to using the EET form despite encouragement from the Virtual School.

<u>Admission & escalation to EFA</u>

The School Admission Code requires all schools, including academies to give the highest priority to LAC applications, and while most understand this, the Virtual School, Social Care staff and the Admissions Team have experienced difficulty in securing some places, particularly in academies out of county who challenge the application. However where schools do not comply, the escalation process to the EFA is followed. There were 6 cases escalated in 2015/16 (an increase from 2 in 13/14 and 3 in 14/15) and all were successfully resolved, albeit resulted in delays to the child accessing education. From the one case reviewed during the audit however (the most delayed case), there was evidence that alternative educational provision (home tutoring) was sourced in the meantime.

C: Out of County:
There are two Out of County Leads within the Virtual School to oversee all out of county placements, one for Primary (28) and one for Secondary (79). The audit found seven of the eight out of county LAC reviewed in the audit sample of 20 had an up to date PEP in place. One does not have a PEP despite coming into the Council's care in August, however there is evidence on Frameworki showing the Virtual School and Social Worker recognise the urgency and have been trying to set up a meeting with the school.
Out of the 22 LAC without a PEP reported under Section B, 4 are attending a school out of county, one of which has had the PEP meeting but it hasn't been completed on Welfare Call; and the remaining 3 have not yet had the meeting. This gives a 4.7% rate of PEP incompletion for out of county LAC, compared to 5% for all LAC.

Capital Programme Governance and Delivery 2016/17

Opinion: Amber	17 January 2017	
Total: 20	Priority 1 = 14	Priority 2 = 06
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	20	

Overall Conclusion is Red

The audit has identified that there is a lack of sound governance structure in place in relation to the delivery of schemes within the capital programme, with limited strategic oversight and a lack of clear roles and responsibilities between different levels of decision makers / management.

It is acknowledged that both the highways and property contracts were set up with a lean contract management resource on the OCC side, however arrangements for reporting, monitoring and escalation of significant issues on individual projects is unclear and is not working effectively.

Whilst there are gateway processes within the Communities Directorate which appear to provide additional support and challenge at the start and end of a project, there is a gap during the construction phase. Decisions by the Council, taken to devolve responsibility for project management to contractors without the appropriate assurance mechanisms and management information requirements being defined / in place, has resulted in the Council not having sufficient assurance over the delivery of its capital projects.

For property, there is acknowledgement that the current contractual arrangements are not working and so are in the process of being fundamentally reviewed.

At the time of finalising the report, Senior Management reported that, for Highways capital projects, there are a number of areas where positive changes have already been made to address some of the issues highlighted by the audit. This includes reported improvements with a procurement strategy for highways now in place, greater scrutiny and improved sign off of contract awards, clarity over roles and responsibilities, amended structure, strengthened project management disciplines, clear approvals of works and variations, improved progress reporting and strict discipline has been introduced over governance of contingency sums and budgetary provisions.

Whilst it was found that there was a clear process in place for identifying and including schemes in the capital programme, with frequent updates on the composition of the programme to members as part of the Financial Strategy & Monitoring reporting, the arrangements in place for monitoring and reporting on the progress of individual projects in terms of time, cost and quality was found to be weak. The key weaknesses are summarised as follows:

Governance Arrangements

There was a lack of strategic oversight on cost control / timescales / quality of individual major property projects by the CAPB (Capital Asset Programme Board) and no evidence that CAPB provide any scrutiny / challenge over outcome reviews / lessons learnt from major projects that have not delivered to time / cost /quality.

There was a lack of clarity over the process for escalation from the groups responsible for monitoring the individual projects to CAPB. Meetings were not minuted and decisions made were not formally recorded.

Weaknesses were identified with the level of challenge and strategic oversight provided by the Capital Finance Team.

Issues with the timeliness of reporting information to Cabinet was also noted.

Project Management / Contract Management

Weaknesses were identified at an individual project level, with a lack of regular, accurate and robust budget monitoring from the OCC side.

In terms of timescales, it was noted that project plans are in place with defined milestones and deadlines, however there was a lack of clarity over how the escalation process should work where time or cost overruns appear.

Whilst there is a process for consideration and management of risk on capital projects, there is a lack of clarity over what should be covered and how the process should be applied.

There is also a lack of detailed information on contingency spend which makes it difficult to see whether risks are being accurately and completely recorded and managed.

Whilst there is some information on contingency allocation / spend included in monthly project progress reports, contingency does not seem to be adequately controlled. Projects appear to always spend the contingency allocation.

Issues were identified with the timeliness of completion of documentation to support approval of changes to project scope and cost.

There is a conflict of interests between the property contractor and the company who undertakes the design and then Employers Agent role on behalf of the Council.

There is a known issue with the property contract with a lack of agreement over Key Performance Indicators (KPI's) and management information, combined with lean contract management on the OCC side to provide assurance that the Contractor is delivering projects on time, to budget and of the appropriate quality.

There is no routine review and reporting on whether the required outcomes and anticipated benefits from capital projects have been achieved.

Significant delays have been identified in the closedown process for both property and highways.

Pooled Budgets 2016/17

Opinion: Amber	10 February 2017	
Total: 13	Priority 1 = 08	Priority 2 = 05
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	13	

Overall Conclusion is Amber

The audit of Pooled Budgets 2016/17 focused on the contract and performance management arrangements operating within the Pooled Budgets.

Governance

At the start of the audit, the S75 and risk shares had not been agreed between OCC and the OCCG for 2016/17 despite being in Quarter 2 of the year. However, during the course of the audit, OCC and the OCCG agreed the risk share and signed it off in November.

Contracts

Overall, there is evidence that the contract and quality monitoring processes in place for the three contracts reviewed are designed and adhered to appropriately, with a clear programme of inspections, templates for visits, action plans, management review and follow up of actions. Where issues exist, the quality monitoring teams effectively identify these through the quality monitoring processes and follow up accordingly.

Individual weaknesses in relation to the three individual major contracts reviewed are as follows:

Contract 1:

There were limited contract indicators contained within the original contract (contract been in place for a long term) and there were weaknesses identified with the timeliness of management information received regarding the utilisation of the contract.

Contract 2:

Not all of the success criteria within the original business case were being measured and routinely monitored 6-7 months into the start of the contract, this was reported to be because these were not intended to be measured yet and that the complex methodology still needed to be developed. Some of the financial objectives of the business case are dependent on an approach which has not yet been implemented, although reported that this is not fundamental to delivery of the contract model and work was planned to progress this. Issues were noted with the escalation process to a corporate level, when the contract was significantly underperforming. Improvements are required in contract monitoring to provide the Council with assurance that workforce issues and associated risks are addressed. Safeguarding

alerts in relation to the contract, whilst being recorded and investigated, were not being strategically analysed and trends reviewed. The contract had originally not been correctly categorised and therefore was not subject to review by the Commercial Services Board.

Contract 3:

There is evidence of an effective commissioning process having taken place with the current provider and a robust system for quality monitoring and improvement is in place with OCC successfully delivering a budget reduction due to tighter controls around spend .

Adult Social Care Management Controls 2016/17

Opinion: Amber	23 March 2017	
Total: 04	Priority 1 = 0	Priority 2 = 04
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	04	

Overall Conclusion is Amber

A. Governance, Policies and Procedures

Appropriate governance arrangements, including oversight, escalation, policies and procedures are in place to manage adult safeguarding concerns and enquiries.

B. Compliance

Compliance to the governance arrangements was found to be mostly adequate, however some issues were identified from audit testing of Safeguarding Contacts and Enquiries:

- Timeliness: Customer Service Advisors did not upload the Contacts within the 2 hour timescale in half of the Contacts reviewed. Initial triage for Contacts took longer than the 24 hour timescale in 3/10 Contacts reviewed (up to 5 days) and 1/10 strategy meetings were not held within the 5 days' timescale - however these timescales are monitored daily and followed up by managers when they are overdue.

- Data Recording: This was mostly comprehensive, however in a minority of cases records were not fully complete, in particular in Enquiry Risk Assessments (2/10 had not been started and 5/10 were incomplete), absence of strategy review meeting records for longer investigations in 1/10 cases and incomplete or inaccurate recording of dates or action timescales in 3/10 Enquiries. Three cases reviewed were open to the Mental Health team who do not fully record in LAS, hence there was a lack of necessary safeguarding data recorded for these cases in LAS.

- Closure: For 1/10 Contacts and 4/10 Enquiries, these had not been closed down on the system despite the case being complete.

For providers subject to Serious Concerns or Standards of Care, a sound process was evidenced for identifying and jointly discussing safeguarding issues for care homes (however the process for home support was less formal). From a review of a sample of 5 providers currently subject to the 'Serious Concerns' process and 10 on Amber or Red 'Traffic Light' status:

- In 4/5 cases the Serious Concerns form was not completed (although in 3 of these cases there was evidence of robust discussion and the outcome was recorded despite the lack of a form - in the other case there was verbal confirmation of the discussion and it was decided the provider would not be subject to Serious Concerns despite it still being listed on the Serious Concerns list).

- In 1/5 serious concerns case the provider looks like it should have been placed upon Amber Traffic Light but was not on the Traffic Light list. In 1/10 providers on Amber Traffic Light for safeguarding issues, it appears that the provider was not considered as part of Serious Concerns.

In all the Contacts / Enquiries reviewed by audit relating to a provider, the Contracts team had been informed at either (or both) referral stage and closure stage.

The Safeguarding team complete self-audits to monitor compliance and quality & to identify learning points. Evidence was reviewed of some thorough audits being completed. However there had been a gap in this process following staff changes and it is yet to fully resume at the same rigour.

C. Management Information

Adequate management information was reviewed for overseeing the performance of Safeguarding Concerns and Enquiries - this is reviewed at the correct level and evidence was provided to demonstrate action is taken where performance is not achieved for example overdue Contacts and Enquiries. A strategic analysis of the reasons behind safeguarding Contact increases is being undertaken, as referred to in the recent Pooled Budgets audit.

Budget Setting and Delivery of Savings 2016/17

Opinion: Amber	21 February 2017	
Total: 02	Priority 1 = 0	Priority 2 = 02
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	02	

Overall Conclusion is Amber

The budget setting process commences in July and completes by February to start in the new financial year in April. The overall annual budget for the County Council is £796m for 2016/17. On top of the savings already achieved, the Council needs to make a further £114m in savings between 2016/17 to 2019/20. The Transformation Programme is tasked with achieving the so-far unidentified savings of £15m. In the current year 2016/17 all Directorates have savings identified, and these are being delivered to a varying degree.

There is recognition in the organisation that there needs to be a more strategic approach to identifying and making savings in order to prevent short term savings that result in longer term costs and to move from 'cuts' to services or operations to 'transformation'. In the past, Directorates have been allocated a savings target and savings plans were drawn up accordingly.

Savings are tracked and monitored monthly by Corporate Finance and risks of non-achievement reported upwards through Directorates to CCMT, the Delivery Board and Cabinet.

There is satisfactory high level oversight of budget and savings monitoring to understand where there are pressures, with a RAG process in place to highlight savings which are likely to be achieved or not. In February 2017, it was reported that of the £53m savings included in the budget for 2016/17, 89% have been achieved or are on track to be achieved by the end of the year. Within the Directorates, £6.9m are flagged as Amber or Red, so are less likely to be fully delivered in this financial year (however £1.1m will reportedly be partly delivered in 2016/17 and £2.7m next year, leaving £2.9m (6%) of the £53m saving that are not achievable.

The audit reviewed a sample of 10 different sized budgets and savings from CEF, SCS and E&E. There was evidence of some form of savings plan and calculations for each one. However, the viability of some of the savings and whether they could realistically be achieved given current conditions was variable, although these had later been flagged in the corporate RAG monitoring process where appropriate. Where there were issues with the savings calculations and assumptions, there was evidence of FBP involvement and these were being addressed going forward.

Unaccompanied Asylum Seeking Children 2016/17

Opinion: Amber	02 March 2017	
Total: 10	Priority 1 = 0	Priority 2 = 10
Current Status:		
Implemented	02	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	08	

<u>Overall Conclusion is Amber</u>

From review of process in place in relation to the management of the UASC budget and forecasting, it was found that there is regular monitoring and forecasting taking place. Although it was noted that the UASC budget is overspent, it is acknowledged that it is a difficult and volatile budget to manage as the number of UASCs requiring support is unpredictable.

It was noted that there is no formalised and documented checking process on UASC cases which provides assurance that the Council is claiming grant income for all the UASCs it is incurring expenditure for. Although it was reported that this is checked every couple of months, there is no evidence of this or of any queries having been raised.

There is a reliance on some key staff members for certain financial tasks, but no documented procedures or processes in place.

From review of the process for the payment of the supported housing provider placements, it was noted that payment is made and costs are journaled based on information provided from the provider. There is no verification of the types of placements invoiced to the placements actually made by the Placement Service.

Whilst is was found that there was appropriate consideration of a UASCs age when identifying where the UASC should be placed and evidence that decisions on placements were kept under review and changed where necessary, the process for documenting consideration of risks for new placements was found to be inconsistent. Guidance in relation to when suitable housing checklists need to be completed was found to be unclear. There also appears to be a lack of understanding from Social Care Staff over when these checklists should be completed. From review of a sample of 5 cases where a housing checklist should have been completed, only 1 was found. No checklists had been saved to Frameworki.

Non-compliance with Local Office Procedures was identified from review of transactions relating to rent or housing deposit payments from one area office. A small number of instances were identified where cash had been issued for a deposit, where payments were made direct to a young person rather than to the landlord and where repeat payments for rent had been made by cheque. Whilst it was found that these cases had been referred to the CEF Finance Business Partner for approval, the level of challenge was not always clear from the documentation retained. There does not appear to be a clear escalation process in place or being followed where requests which go against the Local Office Procedures are made. There was a lack of evidence that senior management within CEF were being made aware of requests for approval to go against the agreed Local Office Procedures.

When looking at the promptness of set up and closedown of placements, it was noted that there were delays in completion and submission of forms to finance which could result in incorrect payments being made or affect the accuracy of forecasting.

For placements where Purchase Orders needed to be raised, it was noted that this was happening after the placement had been made, therefore the approval of the expenditure was retrospective. An instance was noted where the raising of a PO was delayed by several months. It was also noted that there is currently no reconciliation undertaken to confirm that invoices from placement providers are received as expected for UASC placements.

Testing on a sample of new UASCs found no issues with the level of support provided, with key assessments, visits and reviews taking place with the required regularity. Management Information was found to be being produced regularly in relation to the number of UASCs, timeliness of assessments and LAC reviews.
It is acknowledged that there is a wider piece of work ongoing to consider the implementation of a new management information system for Children. Some of the management actions agreed as part of this report are therefore interim solutions to address the weaknesses identified until fully automated solutions can be developed.

Windows 10 Review 2016/17

Opinion: Green	06 March 2017	
Total: 04	Priority 1 = 0	Priority 2 = 04
Current Status:		
Implemented	01	
Due not yet actioned	03	
Partially complete	0	
Not yet Due	0	

Overall Conclusion is Green

The Windows 10 project forms part of the Connecting You programme and is managed and governed under that structure and framework. This structure was reviewed as part of the Office 365 internal audit review carried out during 2016/17. A Windows 10 project team has been established and a Communication and Engagement Plan is documented and awaiting approval from the Management Support Team (Programme Board). However, we have found that the Project Initiation Document has not been finalised and approved and hence there is a risk that the scope and objectives of the Windows 10 project are not formally defined and agreed.

There has been financial approval of the project by the Director of Finance and the Director for Environment & Economy. A programme level "RIDAL document is maintained that contains a risks and issues log, which has entries specific to Windows 10. However, we have found that both logs are missing some key information and thus should be reviewed and updated.

An overall Connecting You programme plan and a specific Windows 10 project plan are documented and maintained. The Windows 10 rollout was due to begin with ICT on the 20th February 2017 and then continue with the Fire Service from the 6th March. However, a decision has recently been made by the Management Support

Team to defer the start date by one month. There are a number of contributing factors behind this decision, including the instability of Skype for business which is a key product, outstanding information on applications and current devices, the availability of project team resources and the booking system for managing the rollout not being ready. The current project plan only includes rollout to ICT and the Fire Service and is based on issuing 30 devices per day. The ICT rollout will be used to test processes for issuing devices and the timeline for the remainder of the rollout will depend on whether the 30 per day target can be achieved.

A Windows 10 build has been developed, although decisions are still required on certain Microsoft products e.g. Skype for business, OneDrive and Direct Access, before it can be finalised. The security configuration of the current build was reviewed against CESG's guidelines for securing Windows 10 and it was noted that some of their recommendations around user account and system hardening have not been implemented. These should be reviewed to ensure that Windows 10 is suitably configured to minimise security and cyber risks.

There are adequate plans to identify the applications being used across OCC to ensure they are assessed for Windows 10 compatibility. A Service Lead will be identified for each Directorate and made responsible for completing a pro-forma listing all the applications used in their areas. When this information is returned to ICT, it will be verified against their records and used to confirm whether applications are Windows 10 compatible. Any that are not compatible will be upgraded, replaced or left on Windows 7. Local applications will need to be tested and each Directorate is responsible for identifying testers for this purpose. A test script has been documented and all testing will be managed and monitored on Supportworks, ICT's service management system.

Users will have the opportunity to attend "product familiarisation" sessions when they collect their new Windows 10 device and Champions will also be identified and trained to support them when they return to their workplace. There are two trainers already in post and a third is due to start at the beginning of March 2017. Formal plans and Windows 10 material/guides are in the process of being developed.

Money Management 2016/17

Opinion: Green	13 March 2017	
Total: 02	Priority 1 = 0	Priority 2 = 02
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	02	

<u>Overall Conclusion is Green</u>

With the exception of pre-paid card checking processes (as detailed below), it was found that there is appropriate guidance in place for Money Management staff, social care teams and the general public in relation to the Money Management Service. IT systems (specifically Lloyds Link and CASPAR) were found to be operating effectively and access / security arrangements appear reasonable.

With regard to referrals, examples were identified (8/20) where the case had been routed back to the Social Worker instead of the Money Management Team after approval by senior social care staff on LAS. This results in a delay in Money Management receiving the referral. The error is only identified if queried by the Social Worker at a later date. This issue had already been identified by the Money Management Team before the audit started, with reminders to social care staff that referrals via LAS should be sent to the Money Management work tray included in ASC Weekly Round-Up emails.

There are, on average, 40 clients on the waiting list each month waiting for their case to be allocated to a Money Management Officer. While referrals are recorded on a tracking spreadsheet, there is no formal process in place to document the prioritisation of the waiting list. Urgent cases where work has started by the management team before a Money Management Officer can be allocated are highlighted, however there is nothing further to indicate why the service users have been referred and who should be assigned to a Money Management Officer next. As part of the transformation agenda, all systems in use within Adult Social Care teams are being reviewed. It is planned that a feasibility exercise will be undertaken to review the systems in use within Money Management and consider whether the team could move to using LAS / ContrOCC. As part of this, waiting list recording will be considered.

A review of processes within the Money Management service found service users' finances are being handled effectively. Each service user sampled had a payment plan in place to ensure bills / charges are being paid as necessary, and the service user is in receipt of a suitable personal allowance. Those with no expenditure recorded were queried with Money Management Officers who confirmed there were suitable reasons. Samples of debt, overdrawn accounts, cash / cheque income and the closing down of accounts confirmed processes are operating adequately.

All payments reviewed during the audit were found to have been authorised appropriately, with supporting documentation on Sharepoint in all cases, however it was found that checks on the Pre-Paid Card (PPCs) service (currently still at pilot stage), are not yet formalised and documented. Whilst management checks including checks on high balances and inactive cards have been established, not all checks were being formally documented at the time of testing. Checks on individual card accounts by Money Management Officers are not currently being documented. Money Management was audited last in 2010/11. Of the 14 management actions agreed, it was found that five were no longer relevant as services had changed since the previous audit, and the remainder had been fully implemented with controls (or adequate controls if the process had changed) in place and operating effectively.

Pension Fund 2016/17

Opinion: Green	17 March 2017	
Total: 0	Priority 1 = 0	Priority 2 = 0
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	0	

There were no significant control weaknesses identified in the audit that required any management actions needing to be agreed.

Overall Conclusion is Green

Governance over the Pension Fund remains strong. Regular reporting takes place over the performance of the assets held by the fund managers, and any issues with asset performance are kept under scrutiny to see if any action needs to be taken. The policies and procedures governing the fund are subject to annual update to ensure they remain current and relevant.

Contributions from employers are monitored regularly to ensure the correct amounts are being received. Cashflow is also kept under regular scrutiny to ensure that there are sufficient funds available to meet liabilities.

The fund managers' and external advisors' performance has been reviewed as scheduled. Payment to the fund managers is variable based on the performance of the assets, for all invoices reviewed the pay had been checked against the asset records to ensure they were charging correctly.

The fund is currently participating in Project Brunel, aspects of this have not been reviewed as part of this audit, however it was noted that the Pension Fund Committee are being kept up to date of progress and presented with information ahead of gaining approval to join the pooled fund arrangement.

Thriving Families Spring Claim 2016/17

Opinion: n/a	23 January 2017	
Total: 04	Priority 1 = 0	Priority 2 = 04
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	04	

<u>Overall Conclusion</u>

Phase 2 of the Troubled Families Programme started in September 2014, and OCC has submitted claims twice a year from September 2015 to January 2017 (with the current claim being a third one for this year). The 2 management actions from the January 2017 Audit are not yet due, but it has been confirmed that the specified checks have been incorporated into the TF Data Team's processes. One action from the September 2016 audit is still outstanding, but is currently in the process of being implemented. This relates to making a repayment to the DCLG for 2 families incorrectly claimed for during the January 2016 claim.

The end of March claim consists of 150 families for Significant & Sustained Progress (SSP) and 21 families for Continuous Employment. No issues were found during testing of the Continuous Employment claim. Two families were removed from the claim following Internal Audit testing. These had not been identified prior to the submission of the claim to Internal Audit, and so additional quality checks in these areas will need to be completed by the Troubled Families team for future claims. No further issues were found, and checks were carried out to ensure the issues found did not apply to any other families in the claim. Internal Audit therefore signed off the claim.

Office 365 - Part 3 2016/17

Opinion: Amber	23 March 2017	
Total: 05	Priority 1 = 0	Priority 2 = 05
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	05	

<u>Overall Conclusion is Amber</u>

This audit of Office 365 was undertaken over three stages. The first stage review was completed in June 2016, stage two in November 2016 and stage three in March 2017. Management letters were issued and agreed following the first and second stage reviews and each identified a number of risks and both had an overall conclusion of Amber. This third stage review has culminated in this formal report and is the final planned audit of Office 365. The table above contains the total number of actions from this report together with those outstanding from the stage one and two reviews, which have not been repeated here.

Office 365 is OCC's first corporate level transition into cloud based services. It forms part of the Connecting You programme which also incorporates Windows 10, which was audited in January 2017. Office 365 will see the implementation of a number of Microsoft products and some of these are already live e.g. Exchange Online (email), In-Tune, SharePoint Online and Yammer.

A business case for moving to Microsoft Enterprise Cloud Suite (ECS), which incorporates Office 365 and Exchange Online, has been documented and approved. The strategic case includes how ECS supports wider corporate aims and objectives e.g. agile and flexible working. The financial case is based on how the cost of renewing the Microsoft Enterprise Agreement can be mitigated through the adoption of ECS through future cost avoidance.

The acceleration to cloud based services follows two serious data centre failures that have occurred in the past 18 months. Cabinet, Informal Cabinet and CCMT have been made aware of the move to cloud services, however, we believe that further work is required to ensure they fully understand and accept the risks involved. There was an agreed priority 1 action to address this in our stage one review but it remains outstanding. A Privacy Impact Assessment was undertaken following our stage one review although it has yet to be presented to the corporate Information Governance Group.

Data security is a key consideration when moving to cloud services. An Information Management Risk Assessment (IMRA) has been undertaken for the overall 0365 programme as well as for individual products. A review of the O365 programme IMRA revealed gaps for which a priority 1 action was agreed following our stage one review. This action is still outstanding. Further actions were agreed to review the CESG security guidance for O365 and the risk of users accessing O365 from non-corporate machines, these also remain outstanding despite being closed on 4Action. Our stage two audit found that an IMRA had not been undertaken for the In-Tune product and this also an outstanding action. This stage three review has confirmed that IMRA's have been undertaken for a number of smaller products that are currently being implemented.

Office 365 services are covered by the Microsoft Enterprise Agreement (MEA) which was signed in February 2016 and became effective on 1 March 2016. The MEA comprises of a number of documents, some of which are only available on the Microsoft website e.g. service level agreement, Online Services Terms – which includes privacy and security terms.

A programme structure has been established and roles and responsibilities have been documented and agreed. Since our stage one review, Office 365 and Windows 10 have come together under the same programme structure. A Management Support Team oversees the programme and they meet on a fortnightly basis. A Programme Initiation Document was produced following our stage one review to encapsulate all the projects within the programme and the order of implementation. There is a programme plan in place but it does not include the key milestones from each Project PID and we have also found that Highlight Reports are not being produced at the agreed frequency. A combined risks and issues log is maintained for Office 365 and Windows 10 but they need to be reviewed and updated.

A formal Test Plan has been developed and approved and there is clear evidence of products being tested before going live. However, some of the controls around testing need to be improved, such as signing off test scripts in advance and producing formal test reports at the end of each product test. A review of the recent

testing of Skype for Business found that it was only tested by 13 out of the 24 users selected for the task.

OxLEP 2016/17

An audit of OxLEP has been undertaken providing assurance to the OxLEP Chief Executive and Board around the governance and financial management policies and procedures. The audit has also provided assurance on the responsibilities of Oxfordshire County Council acting as Accountable Body.

The overall conclusion has been graded Amber. The audit has identified good governance and financial management arrangements operating within OxLEP and an effective working relationship between OxLEP and OCC as the Accountable Body. Where improvements to governance and financial management controls have been identified, these have been reported directly to OxLEP and management actions agreed for implementation.

In respect of OCC acting as an Accountable Body; a weakness was identified with retention of information to support payments made by OCC on behalf of OxLEP. Additional evidence has subsequently been produced to support the claims queried and a management action agreed to improve the process going forward.

Pensions Administration 2016/17

Overall Conclusion is Green

There were no new management actions agreed in the 16/17 report, however 1 action re-stated from the 15/16 audit which is partially implemented.

Issues noted in the previous audit around segregation of duties have still not been addressed. The same individual still runs the payroll, corrects administrative errors before it is released for payment, undertakes the reconciliation, uploads the payment files via the Business Data Upload (BDU) facility into SAP, and downloads the reports showing what functions have been performed by the two individuals with administrative and payroll access within Altair. This remains a significant control weakness in the system, however it is understood that an additional bolt on within the Altair system has been explored, to resolve this issue, and is due for implementation imminently. The management action raised in the previous audit has therefore been restated this year.

Governance and transparency over reporting issues continues to be good. With the increase in the number of employers and continual strive for full data accuracy, this has led to documented pressures on the team. These pressures have resulted in delays in administrative processing in some areas. In particular issues were noted with a number of deferred leavers, some of which are falling outside the regulatory limit of 3 months for processing. 40% of deferred leavers sampled exceeded the 3 month processing time, the majority of these were down to delays within the Pensions Admin Team as opposed to delays receiving information from the

employer. Additional to this, performance monitoring has shown a decrease in performance in all areas reported on, and a number of internal targets not met. To proactively try and resolve these issues and relieve pressures on the team a restructure has been proposed, along with an increase in staff, which has been agreed by the Pension Fund Committee.

Previously issues have been noted with the quality of monthly returns from employers (MARS data), and end of year returns (CARE data). Work is ongoing to improve data quality with employers, with some improvements noted. However the issues are still having a knock on effect on the ability to issue annual benefit statements to all employees on time. Not having all benefits statements issued on time is a breach of regulations, however this has been reported to the regulator and the Pension Fund Committee. Two management actions were agreed in the 2015/16 audit report, one of these has been implemented, the other is being restated in this audit.

Accounts Payable 2016/17

Opinion: Amber	28 March 2017	
Total: 03	Priority 1 = 0	Priority 2 = 03
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	03	

Overall Conclusion is Amber

The position since the last audit has improved considerably. Policies and procedures have been updated and brought more in line with help and guidance from Hampshire. Accessibility of the policies is still an issue as they are not always easily locatable; however positive work is underway to improve that across all financial policies and procedures.

Management information is now being received from Hampshire, which is helping to highlight where invoices are getting repeatedly blocked, or where delays are, for example. This enables OCC to pinpoint issues more accurately and resolve them quicker, ensuring suppliers are paid in a timelier manner. Control processes to resolve issues are embedding at the moment, internal management information is not yet in place to show how well these processes are working at reducing the issues.

Internal Audit undertook a high level analysis on the purchase orders raised from 01/04/2016 - 09/03/2017. This highlighted that there is further scope for encouraging better purchasing methods, to try and reduce the more resource intense usage of purchase orders for lower value procurement.

A process had been adopted to identify duplicate payments; however this has only resulted in a small number of refunds. The process has been reviewed and strengthened, which, going forward, should result in an increase in the recovery of duplicate payments. However, there is currently no management information

produced to be able to show the level of duplicate payments and monitor the success of recovery.

Where an overpayment has been identified, OCC's preferred option is to request a refund; however there is disparity between guidance on the Intranet and processes on the Hampshire help pages.

A review of purchase orders found all had been approved in accordance with the schemes of delegation, however raising purchase orders retrospectively is still an issue. 60% of those sampled (schools excluded) were found to have been raised retrospectively.

A process has been agreed with Hampshire that one time vendor payments will only be processed if sent through the Corporate Procurement Team. This process helps retain visibility of the process and the payments being made, however from a sample review of the data there were some payments that had been made to vendors that had already been set up. Equally, there were also instances noted whereby multiple one time payments were being made to the same vendor.

<u>Follow up</u>

There were 8 management actions agreed as part of the Accounts Payable Audit 2015/16. There are 7 management actions reported as implemented, 4 of these have been re-tested as part of the 16/17 audit and confirmed as working effectively, 2 were not tested during this audit and 1 which related to the policy/process for refunding duplicates has been implemented however a new action has been agreed this year as the refunds of duplicate payments have not been actioned. There is 1 action that has now been superseded.

There were 23 management actions agreed as part of the Design of Controls Audit 15/16 that relate to Accounts Payable controls. There are 14 management actions reported as implemented, 5 of these has been re-tested as part of the 16/17 audit and confirmed as working effectively (9 were not tested again as part of this audit). There are 7 actions that have now been superseded and a further 2 actions that are not yet implemented and are overdue. These relate to IBC approval levels and the 6 monthly review of the scheme of delegation (P1) which is partially complete and the requirement for a credit note policy (P2) (a credit note process is however now in place).

There were 4 management actions agreed as part of the One Time Vendor Compliance Review 2015/16. Two actions have been reported as implemented and re-tested as part of the 16/17 audit and confirmed working effectively, one action has been superseded and one action has not been implemented and is overdue (relating to guidance on the OTV spreadsheet to define who authorising manager is and that it should be in accordance with the scheme of delegation).

There were 15 management actions agreed as part of the Purchasing Cards Proactive Review 2015/16. There are 13 actions reported as implemented, these have been reviewed as part of ongoing work, and confirmed as implemented. One is not yet due for implementation, and one is overdue however partially implemented. A residual action was noted as part of the review of implementation; this will be covered and reviewed in more detail as part of the 2017/18 purchasing cards review.

The outstanding actions will remain on the 4action system and continue to be monitored for implementation.

Schools HR contracts, combined with proactive fraud review 2016/17

Opinion: Green	30 March 2017	
Total: 01	Priority 1 = 0	Priority 2 = 01
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	1	

Overall Conclusion is Green

Issues identified from recent counter-fraud/audit work within an individual school highlighted potential fraud risks in relation to HR contracts and payments. This was a combined audit to provide an opinion on the adequacy and effectiveness of internal controls within this area with also proactive fraud testing to highlight any potential fraudulent activity.

The audit covered the HR arrangements in place at a sample of 10 primary, secondary and special schools. Specifically, the following areas were tested; Employment contracts and annual leave records for support staff, Headteacher's pay, staff salary uplifts, additional allowances (excluding overtime & casual), staffing budgets and declarations of interest.

The testing undertaken at this sample of schools provides positive assurance that the weaknesses identified with the individual school earlier on in the year is not representative across other schools. For the specific HR processes reviewed it was identified that the schools sampled were applying good governance and could demonstrate effective management review and sign off.

One issue was identified. 7 schools (from whole school population) were found to be potentially applying the salary scale points for the Headteacher within their salary band incorrectly. These amounts are not materially high, but are now being reviewed by the CEF HR Business Partner.

Accounts Receivable 2016/17

Opinion: Amber	6 April 2017	
Total: 11	Priority 1 = 0	Priority 2 = 11
Current Status:		
Implemented	1	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	10	

<u>Overall Conclusion is Amber</u>

This audit provides assurance over the key control processes operated by OCC. Hampshire Internal Audit provide separate assurance over the IBC operated controls and processes. Their reports on Order to Cash (OTC) and IBC Master Data Team have been shared with Oxfordshire's Chief Internal Auditor and Director of Finance and the overall opinions contribute to the overall opinion on the system of internal control.

The situation since the previous audit of Accounts Receivable in 2015/16 has improved considerably. There is now clarity over key roles and responsibilities, policies and processes in relation to accounts receivable and corporate debt recovery. Processes, roles and responsibilities have been reviewed and agreed with the IBC (Integrated Business Centre).

Management information on aged debt and other key parts of the accounts receivable environment is now being produced and made available to senior management. OCC staff also now have access to customer account details and dashboard reports on accounts receivable and debt recovery through the IBC portal.

A conscious decision has been taken by senior management to delay work on review and updating of intranet policies, procedures and guidance to enable resources to be directed at ensuring appropriate controls are in place and that processes, roles and responsibilities are clearly understood and agreed first. Management action to produce and publish formal guidance has been agreed as part of this audit and it is expected that this will be in place before the end of the first quarter of 2017/18.

The key findings identified during the current audit are summarised below:
- It has been identified by the service that a debt management strategy is required. This will be produced and has been included as an improvement action within the Council's Annual Governance Statement.
- Schools do not currently have access to the OCC intranet, whilst this is wider than just Accounts Receivable, schools staff do not currently have access to any intranet information including self-help guidance on accounts receivable or debt recovery.
- Issues identified as part of the previous audit in relation to the make-up of dunning email addresses and subject titles have not yet been resolved, this may result in dunning emails not being received by debtors, and could impact on income recovery processes.
- Sample testing on invoices raised identified instances where issuing of invoices had been delayed. There were also a small number of issues noted in relation to the accuracy of charges raised and the documentation retained to support the charge. These issues are being followed up directly with the relevant service area.
- Whilst it was found that the process for instalment plans has been reviewed, updated and confirmed, a gap was identified in relation to review of legacy debt instalment plans. There are clear instructions for the agreement of new instalment plans and the repayment times allowed, however there was no process for periodic review of instalment plans already in place for legacy debts. An example

was identified from sample testing where the repayments agreed would mean that the debt would take 45 years to be paid off.
- It was identified that, due to staffing changes and responsibilities, monthly reports on outstanding pension's services debts had not been produced and circulated between December 16 and March 17.
- Responsibility for debt recovery of Adult Social Care charges raised off ContrOCC (for example day centre attendance, transport, adaptation loans) currently sits with Corporate Debtors rather than the Adult Social Care debtors' team. A management action was raised in relation to resolving this as part of the 2015/16 Accounts Receivable audit, however discussions are on still going.

Follow up
There were 18 management actions agreed as part of the 2015/16 Accounts Receivable audit. Testing undertaken during this audit has identified that 6 actions have been fully and effectively implemented, 2 actions have been reported as fully implemented but have not been tested during this audit and 10 management actions were found to have been partially implemented. These management actions have been superseded and revised management actions have been agreed to address the outstanding issues as part of this audit.

There were 17 management actions agreed as part of the 2015/16 Design of Controls audit relating to accounts receivable. Testing undertaken during this audit has identified that 6 actions have been fully and effectively implemented, 1 action has been reported as fully implemented but was not tested during this audit, 3 actions have been superseded as no longer relevant and 7 actions were found to have been partially implemented. These management actions have been superseded and revised management actions have been agreed to address the outstanding issues as part of this audit.

There were 5 management actions agreed as part of the Cancelled & Re-issued Invoices Compliance review 2015/16. Testing undertaken during this audit has identified that 1 action has been fully and effectively implemented, the other 4 actions have been superseded, 3 were found to be no longer relevant and the other 1 will be addressed by the management actions agreed within the current audit report.

Personal Budgets including Direct Payments 2016/17

Opinion: Amber	6 April 2017	
Total: 13	Priority 1 = 5	Priority 2 = 8
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	13	

<u>Overall Conclusion is Amber</u>

<u>Introduction</u>

An audit was undertaken in 2015/16 focussing on the Direct Payments process. This year, the audit has looked at both the Personal Budgets process (from assessment to review), and Direct Payments. Following the 2015/16 audit, a number of positive outcomes can be evidenced to improve Direct Payments processes, including updated policy and procedure documents, comprehensive staff training sessions and provision of management information on Direct Payments to the Adult Social Care Performance Board. There is evidence of increased scrutiny of issues identified with specific cases, as the Direct Payments team have escalated issues to the relevant ASC managers. The LD Community Connections team has also been reviewing high value LD DP cases where potential issues have been raised.

Management are planning to introduce pre-paid cards for direct payments during 2017/18. As part of the implementation of these there is a planned end-to-end review of processes which will have the opportunity to consider in detail and address the weaknesses still highlighted by this year's audit.

<u>A: Policies and Procedures</u>

Guidance exists for staff on the Personal Budgets process, including the use of LAS and the budget calculation process using the RAS. Some minor changes are required to the 'Assessment to Review' staff procedure document, which was last updated in 2015 and has not taken into account changes that have been made to processes on LAS since this time (such as the RAS calculation and Overview Assessment and Support Plan / Budget authorisation processes). However it is noted that up to date step by step guides on LAS usage is available to staff.

The Direct Payment policies and procedure for both staff and service users have been updated following the 2015/16 audit, and these are generally sound and accessible.

<u>B: Personal Budget (RAS) Calculation & Authorisation</u>

In the majority of cases reviewed during the audit, the Indicative Budget calculated by the RAS had little bearing upon the authorised budget amount and the actuals being paid - in most cases the RAS amount was lower. The RAS calculation does not take into account the increase in current care provider rates and in a number of cases in the sample did not appear to adequately reflect the needs of the service user.

Where Social Care staff are required to manually select the Support Plan and budget authoriser on LAS, there is a risk that the incorrect manager could be selected thereby not complying with the Adult Social Care Scheme of Delegation. In November 2016 the Budget Authorisation task was switched off - this included an in-built scheme of delegation via ContrOCC (although it is noted that this was not as sophisticated as it needed to be in order to route the authorisation to the correct person), however there is now no system requirement to authorise Personal Budgets at the correct level. Correct authorisation is reportedly checked during supervision

case audit checks so may be identified, however there is not currently a report being run to check all Support Plan authorisations against the Scheme of Delegation.

The current Scheme of Delegation has not been uploaded to the OCC Intranet, and is only available as part of the 'Assessment to Review' guidance documentation, so is therefore not easily accessible.

From the review of 15 Direct Payments, the audit noted that in 2 cases the Support Plans on LAS were either not sufficiently detailed or up to date in order to adequately inform appropriate DP expenditure, and in a further Mental Health case the Support Plan was not on LAS (recording on LAS by Mental Health is a known issue). In one case for a high value DP (£3.8k per week), there was a Care Plan dated 2006 and a Review from 2013, but nothing more recent and the LD Panel paperwork and authorisation could not be located.

In 5 of the 20 cases reviewed, there had not been a recent annual review of the Support Plan (and Direct Payment where applicable). However the issue of overdue annual reviews is known and reported on - as of February 2017, 47% of annual reviews had been completed (this has been increasing slightly by about 1% each month since the implementation of Responsible Localities).

C: Management Information & Oversight

A performance dashboard is reviewed monthly at the ASC Performance Board, with more detailed information on Personal Budgets and annual review figures sent to Team Managers, Service Managers and the Deputy Director ASC twice monthly for oversight (this breaks down the figures by team, as well as listing individual service users who are not on Self Directed Support or who are overdue an annual review). Information on the number of activities performed by each team and individual worker (assessments, support plans, reviews etc.) is also provided twice a month to the same people.

Management information on Direct Payments is now provided to the ASC Performance Board on a monthly basis, including current issues with DP accounts and the progress made regarding investigation and escalation of these. Clearly, numerous issues with DP accounts have been identified by the DP team, however many of these remain un-resolved with responses not having been received from the Social Care teams contacted (in the February review there are 32 DP cases with financial queries awaiting a response from Social Care, dating back over the past year). An overdue returns report is also provided to the Performance Board, the latest of which shows 35 overdue financial returns as at February 2017, most dating from 2016, however some go as far back as February 2015.

D: Direct Payments Audit Follow Up

This audit followed up on the management actions from the 3 relevant DP audits / investigations from 2015/16, as follows:

Direct Payments audit 2016/16

Out of 22 actions from the 2015/16 Direct Payments audit, 20 have been reported as fully implemented, with 2 still open and being implemented (cheque payments and pre-payment cards). Further to the current audit re-testing, only 14 can be evidenced

as fully implemented and working effectively, with 5 not yet fully implemented or working effectively (new DP Agreements signed at annual reviews, review of all high value DPs, review of DP packages at OP Panel, DP finance checklist reviewed and working & escalation and resolution of DP finance queries to Social Care). A further one could not be evidenced from testing (Social Worker review of DP expenditure).

Audit investigations into high value DPs:

12 of the 16 actions have been reported as implemented, with the remaining actions under implementation. However, following re-testing, 10 can be evidenced as fully implemented and the other 2 were not fully re-tested in this audit (review of current loans and process for reclaiming misused DP funds).

Mr & Mrs X audit investigation:

Out of 9 actions, all have been reported as implemented, and this can be confirmed although one action was not fully re-tested during this audit (one-off DP payments).

Where actions have been reported as implemented but were found not to have been fully and effectively implemented, they have been superseded by actions in the current report, further to the following key findings:

- The audit attempted to review the Social Worker reviews of Direct Payments, as per the process determined by management, following the 2015/16 audit. However any DP review they undertook with Service Users was not documented on LAS so it was not possible to evidence this. Furthermore, in only 3 out of 10 cases where a recent social care review or assessment had been completed was a new DP Agreement signed.

- The audit reviewed a sample of 5 high value DPs and of these two had not had a recent review.

- The audit found that in some cases, possible issues with Direct Payment expenditure had not been identified and challenged by the Direct Payments team, in accordance with agreed procedures. This included PAs not being listed on return forms, invoices and receipts not being provided for a DP of over £1,000 per week and potentially inappropriate expenditure not identified. Where issues are not identified or escalated internally, these are then not included in the referral / escalation process to Adult Social Care. As discussed under section C, following the successful implementation of these new escalation processes, it has identified the volume of DP finance queries referred that have not been resolved.

- The checklist completed by the DP team is not always being used effectively, as in the cases above the issues were not considered and boxes were ticked to confirm that the expenditure matched the support plan and there were no questionable transactions (in one case, there was no support plan and this had not been investigated further by the DP team). A prompt to check that PA's names have been listed is not included.

- From audit sample checking, issues were identified with one high value Direct Payment reviewed (£2.4k per week) that had not previously been detected or challenged. This case highlighted that there is a gap in policy approach towards DP recipients setting up care agencies, the cost in doing so, possible conflicts of

interest with such arrangements and the lack of transparency over the financial transactions incurred.

Highways - Payments 2016/17

Opinion: Amber	6 April 2017	
Total: 16	Priority 1 = 8	Priority 2 = 8
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	16	

Overall Conclusion is Amber

Introduction

The audit reviewed the implementation of all actions agreed during the 2015/16 Highways Payments audit. Many of the actions agreed in the last audit related to inaccurate and unreliable cost data in the Inform system in use at that time. Over the past year, a new work management and costing system has been introduced, SkanWorks, to improve the weaknesses with the previous system. This Follow Up audit therefore reviewed in some detail both the project governance for implementing the new system, to ensure the audit issues were satisfactorily factored in, as well as the system itself, to check it more accurately captures and reports on cost and payments data.

Conclusion

A: Follow Up on 2015/16 actions

Out of the 13 actions agreed in the 2015/16 audit, 11 have been reported as fully implemented with two outstanding. Following re-testing of audit actions, the current audit can confirm that only 4 have been fully implemented, with 3 partially implemented, 5 not implemented and 1not re-tested during this audit, as follows:

5 not implemented effectively: Two are still outstanding actions - the first being a retrospective check of all Closedowns to identify cases where costs have changed following closedown; the second being a review of the implementation of a new process for the 10% defect quality checks - this audit has also identified that No Cost Defects are not being logged on the system when they should be resulting in a lack of evidence to demonstrate failed defects have been re-repaired.

There are three actions reported as completed but where this could not be fully evidenced in this audit. The first is that the new system must have the functionality to close down a Task Order at the point of Skanska Closedown sign-off so no further costs can move in or out - this functionality is not yet in operation. The other is managers with Level 0 Authorisation will ensure that orders above their sole delegated authority are dual authorised - however this issue was found again in this audit. A process for recuperating costs for failed defects paid for twice was reported as implemented, however with the new system, issues have been found again with No Cost Defects, where their costs have been included in payments (less than £5k so far this year).

In terms of the accuracy of cost allocation, this appears to have improved however issues were identified again in the audit sample with costs being incorrectly allocated to Work Orders. Any incorrect costs cannot yet be corrected due to the system not yet facilitating the movement of costs between Work Orders.

3 partially implemented: The E&E (now Communities) Scheme of Delegation was updated following the previous audit, however the most recent 6 monthly check is now out of date. The £1 Task Orders for Disallowed or Disputed costs were set up; however these are not yet working as intended as they have very little in them and costs are not yet being moved out of them. Closedown analysis on pain/gain share has been partially done but not yet in full.

B: Governance & Control Framework

The audit found a high level of collaboration and transparency between the partnership to implement the new system and to share emerging risks and issues. As with any new system and changes to working practices, there have been problems, however these are being addressed and were openly shared with the auditors. From review of the project documentation, there was sufficient evidence that the audit issues raised previously were satisfactorily incorporated into the system development, albeit many of these functions are not yet working to a satisfactory level.

The Performance Indicator SPI 09 requires SkanWorks to be working effectively. The exact requirements to determine this are being defined and a decision is expected by July.

With the introduction of the new system from June 2016, staff were trained in its use, however there has not yet been a review of internal policies, processes and ways of working to fully exploit the potential of the new system, its reports and the data it can provide and the improved scrutiny it should offer. The audit sample testing demonstrated the varying degrees of system usage amongst Budget Holders and a lack of ownership of the system.

Performance and management information on productivity, accuracy and usage are not yet being produced or reviewed - this is important, for example, as the gang costing function in SkanWorks automatically allocates an 8 hour day across Work Orders, irrespective of how many hours a gang has actually worked or number of defects completed.

C: SkanWorks

In terms of transparency of cost data, the system is an improvement from the previous one. However, there are still a number of key functionalities that are not yet working as intended and thereby weaken this transparency and the reliability of cost data - all of these are being worked on by Skanska to rectify:

- The functionality to move incorrect costs between Works Orders is not yet in use

- The functionality to shut down a Work Order and Task Order is not yet in use.

- No Cost Defects are not removed automatically prior to payment.

- Sub-contractor costs are input manually and override the time records in the system.

- A number of system 'bugs' and manual workarounds are in place.

- Incorrect before/after defect photos have been uploaded.

- Out of the 5 budgets the audit reviewed, there was a variable level of usage of the available system functionalities.

Payroll 2016/17

Opinion: Amber	13 April 2017	
Total: 11	Priority 1 = 1	Priority 2 = 10
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	11	

Overall Conclusion is Amber

This audit provides assurance over the key control processes operated by OCC. Hampshire Internal Audit provide separate assurance over the IBC operated controls and processes. Their report on Payroll has been shared with Oxfordshire's Chief Internal Auditor and Director of Finance and the overall opinions contribute to the overall opinion on the system of internal control.

During the latter part of 2016/17 an additional piece of work was commissioned and undertaken to provide assurance in respect of the payroll configuration to calculate, action and report statutorily compliant payroll transactions; and also that future configuration changes are processed accurately and in a compliant manner to ensure changes are fully tested prior to release. This work was overseen by Hampshire Internal Audit and the report has now been received and will be reported separately to the Audit & Governance Committee in July 2017.

Overall, the payroll control environment and compliance has improved since the 2015/16 audit. HR policies and procedures have been updated (although further work is required in this area), detailed management information on HR processes is provided to HR Business Partners and there is generally an increased understanding of IBC processes and usage of the system amongst OCC managers and staff, resulting in fewer errors, as evidenced through Internal Audit sample testing. However, some issues remain regarding certain payroll processes, and in relation to the approval process for recruitment and changes that affect employee pay.

A: Policies and Procedures

Policies and guidance have been updated following the 2015/16 audit, however an issue was identified with the OCC Monitoring and Managing Sickness Absence Policy, which did not accurately reflect employee terms and conditions in the OCC Green Book in relation to payment of Statutory Sick Pay.

A lack of clarity on local overtime policies and the correct overtime codes to use was identified, resulting in incorrect time codes selected for overtime with the possibility of staff receiving incorrect overtime payments (this includes usage of the Regular Hours code which should only be used by Casual staff).

B: Starters and Leavers

HR approval forms are not completed for all new posts and starters (as covered under Section D).

The majority of overpayments due to manager error are the result of leavers being processed late, and one case where this had occurred was identified in the audit sample. The audit testing of leavers also identified a case where a member of school support staff had been underpaid due to non-compliant contractual arrangements.

C: Variations and Overtime

HR approval forms are not completed for all honoraria or employee record changes (as covered under Section D).

As referred to in Section A, usage of the Regular Hours code (intended for payments to Casual staff only) by temporary and permanent staff was an issue in a number of service areas, resulting in a risk of incorrect payments.

From audit testing of changes to employee records, one example was identified where a manager had incorrectly changed an employee from a temporary to permanent contract.

D: Management Information and IBC

HR Approval forms are not consistently completed by managers in all cases for recruiting staff, paying honoraria, employing new staff or making changes to employee records. There are currently no quality checks that the Forms are completed, nor any management information produced on this.

An overpayments report is produced monthly by the IBC, listing all identified overpayments that have not been repaid. However this is not reviewed by OCC HR to identity the root causes of overpayments to determine whether these are the result of manager or IBC error and therefore identify remedial action required to address any underlying issues.

The 2015/16 audit identified that HR record retention was inconsistent and not sufficiently transparent. Guidance to managers has been clarified, and a wider review is being undertaken of this area, however issues remain, and this audit identified a case where a manager had not stored HR records and had since left.

Follow Up

The audit followed up on the management actions from the 3 relevant Payroll related audits from 2015/16, as follows:

Payroll audit 2015/16:

Out of 14 actions from the 2015/16 audit, 12 have been reported as implemented, with 2 currently under implementation (relating to use of the 'Regular Hours' function on the ESS timesheet, and HR record retention). Following the audit testing, 10 can be evidenced as being fully implemented, with 2 not specifically tested as part of this year's audit (relating to academy conversions and KIT days payments).

Design of Controls audit 2015/16:

4 out of 7 actions relating to Payroll from the Design of Controls audit have been reported as implemented, and a further 3 have been superseded.

Employee Changes compliance review 2015/16:

Only one action was agreed as part of this review, relating to updating Secondments guidance on the Intranet. This was reported as implemented and has been confirmed by Internal Audit.

Client Charging 2016/17

Opinion: Amber	11 April 2017	
Total: 13	Priority 1 = 0	Priority 2 = 13
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	13	

Overall Conclusion is Amber

Since the previous audit of Client Charging in 2015/16 there has been significant progress made by both the Financial Assessments Team and the Adult Social Care Income Team in reviewing and clarifying their processes, roles and responsibilities to confirm that they are appropriate and clearly understood post implementation of LAS, ContrOCC and IBC. The majority of these revised processes have now been formally documented.

In relation to the Financial Assessment process, whilst the audit has identified some improvements in reporting to senior management within Adult Social Care (ASC), for example that the Performance Board is now getting regular information on cases where referrals for financial assessment have been delayed or missed, the Performance Board does not yet appear to be getting all the information it needs on areas where performance has been noted as poor from the previous audit and again, from testing undertaken during the current audit (for example where the Financial Assessment Team is not receiving information on third party top ups and on instances where provisions on LAS are not being deactivated promptly).

Issues have been identified with promptness of authorisation of Care Package Line Items (CPLI's) on LAS which results in a delay in charges being raised. Issues were also noted in the closedown of CPLI's with examples noted where the CPLI / Service had not been closed down promptly, resulting in incorrect charges being made.

There are still problems with the third party top up process. Despite guidance being reviewed, revised and clearly communicated to Adult Social Care staff over the last year, examples were identified where the Financial Assessments Team haven't been advised of the third party top up (which enables them to set up the required charge) and also where ASC staff have not got the relevant Third Party Top Up

agreements in place, which could result in the Council being unable to collect the third party income due.

An action was agreed as a result of last year's audit to review the process for payment and charging of home support provided by organisations who did not use ETMS. Work is ongoing to move all non-ETMS home support providers over to a process which will enable service users to be charged based on actual care received in accordance with the SCS Contributions Policy.

Work is ongoing to resolve process issues which are currently preventing the Council from charging LD service users for respite care, in accordance with the SCS Contributions Policy. Proposals are soon to be reviewed by ASC Directorate Leadership Team and it is hoped that charging will commence around the end of June.

Issues with potential discrepancies in historic charging of some personal budget service user charge, first highlighted by Internal Audit in 2012/13 are not yet fully resolved. It has been reported that all required reconciliations have now been completed, but these now need to be checked and any refunds due processed.

ASC debt reporting has improved significantly since the previous audit, with detailed monthly dashboard information on areas including bad debt impairment, debt collection rates, unsecured debt and write offs being circulated on a monthly basis to senior management within ASC and Resources.

There is an outstanding action on the review of the process for completion of Annex 2's and who will be responsible for this process going forward. Both as part of the previous audit and from audit testing undertaken this year, on deferred payments, issues were identified with completion of Annex 2's covering the 12 week property disregard and third party top ups. It has been reported that the outstanding action is almost complete. Internal Audit will continue to monitor implementation through the routine audit follow up process.

This audit included review of adaptation loans (or deferred interest loans / DILs). All information in relation to these loans is currently held in a spreadsheet, which could be vulnerable in terms of lost or erroneous data, however as part of the 2016/17 Accounts Receivable audit, an action has been agreed to review a number of ASC charges which are currently off ContrOCC with a view to moving the charges on to ContrOCC. Adaptation loans is one of the areas being reviewed as part of this action. Some issues were also noted with the frequency of reviews and with the coding of income from redeemed loans. There are currently 109 service users with a Deferred Interest Loan, totalling £2.07M. Most have been in place a long time. In the last five years there have only been seven new cases (two from 16/17). Six were redeemed in this financial year.

Follow up

There were 44 management actions agreed as a result of the 2015/16 Client Charging audit.

25 actions have been confirmed as fully and effectively implemented through testing undertaken as part of this audit. 9 actions have been reported as fully implemented, but have not been tested as part of this audit. 1 action has been closed as superseded as it is no longer relevant. 9 actions were found to have been partially implemented, these actions are referenced within the main body of

this report.   Revised or re-worded actions have been agreed where necessary; however in some instances the original action is still appropriate.   In these instances Internal Audit will continue to monitor and report on the implementation of these actions through the standard Internal Audit follow up process.

Travel & Expenses Review 2016/17

Opinion: Amber	23 January 2017	
Total: 08	Priority 1 = 0	Priority 2 = 08
Current Status:		
Implemented	2	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	6	

Overall Conclusion is Amber

In 2014/15 The Council spent approximately £2.1m on travel and expenses, in 2015/16 that increased to approximately £2.6m, via the travel and expense system. It should be noted that the total amount the Council spends on travel and expenses will be higher than the figures quoted due to payments also being made on purchasing cards and via Imprest accounts. Previously all travel claims were reviewed and signed off by managers before being processed for payment. Following the implementation of the IBC system in July 2015, travel and expense claims of less than £1000 per month no longer require management checking and approval. Moving to self-certification potentially increases the fraud risk in the system. However, it is acknowledged that whilst it reduces visibility of the claims submitted, it also balances management time on excessive administration tasks against any likely losses of attempted fraud or error. In recognition of the increased fraud risk following the move to self-certification of travel and expenses, the objective of the review was to consider the sufficiency and clarity of policies and procedures in this area, adequacy and availability of management information and to complete targeted testing on a sample of employee's claims to highlight any potential fraudulent activity.

Key Findings

OCC are potentially unable to fully evidence and support VAT reclaimed for miles travelled. Nearly a quarter of those sampled (9/40) had not retained their fuel receipts, with many stating that they were unaware that this was necessary, or had apparently been informed that since the move to the IBC it was no longer required. It is unclear where they received this message as it is not consistent with advice from HR, the travel and expenses manual, or tax advice from Hampshire CC.

Managers get a monthly email through showing a high level overview of travel claimed by individuals within their teams. However this email only shows those who have claimed just mileage or mileage and expenses, it does not show those who

have just claimed expenses. Further information is available to managers through the IBC portal, however there are also known issues with what can be viewed via this report. Managers can drill down into their individual team member's travel and expense claims, to view on a line by line basis, however those members of staff that have only claimed expenses cannot be seen in the list of employees. There is currently work underway to try and resolve this.

Monitoring takes place at a cost centre level, however there does not appear to be any monitoring of travel and expenses at a strategic level to highlight any increases in spending or trends in where that is occurring. There has been a 20% increase in the value of travel and expense claims between 14/15 and 15/16.

There are good deterrent controls built into the system that requires people to sign a declaration that their claim is correct prior to submission. A further deterrent was included within the original design when moving to self-certification. This was a system selected sample requesting a sample of managers to check a sample of claims and verify with the employee the appropriateness of travel claimed and check receipts support valid expenses. This was trialled but due to inaccuracies has not been implemented. It is understood there is no longer the intention to use this function within the system, as it is considered a form of duplication of the monthly email issued to managers.

The majority of individuals sampled were able to provide reasonable explanations and account for the mileage they had claimed, the majority were also able to provide receipts to support their expense claims. A small number of instances of over-claiming expenses and mileage were noted. This included one instance where an employee had claimed expenses and also claimed the same expenses via an imprest account, potential over claiming of relocation allowance and a mileage claim that appears higher than business activity. These were referred to the relevant Directorates for investigation and appropriate action has been taken. No deliberate over-claiming has been identified.

Appendix 3

Statement of Assurance – Integrated Business Centre

2016 - 17

Southern Internal Audit Partnership

Assurance through excellence and innovation

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Section		Page

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Chartered Institute of Internal Auditors	The Southern Internal Audit Partnership conforms to the IIA's professional standards and its work is performed in accordance with the International Professional Practices Framework *(endorsed by the IIA)*.

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

The standards for 'proper practices' in relation to internal audit are laid down in the Public Sector Internal Audit Standards 2013 (updated April 2016) [the Standards].

The role of internal audit is best summarised through its definition within the Standards, as an:

'Independent, objective assurance and consulting activity designed to add value and improve an organisations 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'.

Hampshire County Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising Hampshire County Council that these arrangements are in place and operating effectively.

Hampshire County Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations objectives.

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2. Internal Audit Approach

To enable effective outcomes, internal audit provide a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

A full range of internal audit services is provided in forming the annual opinion.

The approach to each review is determined by the Head of the Southern Internal Audit Partnership and will depend on the:

- level of assurance required;
- significance of the objectives under review to the organisations success;
- risks inherent in the achievement of objectives; and
- level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion on the framework of internal control, risk management and governance in operation and to stimulate improvement.

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3. Internal Audit Opinion

Oxfordshire County Council joined the Shared Services Partnership in July 2015, meaning that Oxfordshire's transactional HR, Finance and Procurement would be delivered through the IBC, supported by the online self service system. As part of governance arrangements it was agreed that the Southern Internal Audit Partnership would provide annual assurance to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out on the IBC.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & consultancy);
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- the results of work of other review bodies where appropriate;
- the extent of resources available to deliver the internal audit work;
- the quality and performance of the internal audit service and the extent of compliance with the Standards; and
- the proportion of audit need that has been covered within the period.

Audit Opinion

I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment within the Integrated Business Centre.

In my opinion, the framework of governance, risk management and management control is 'Adequate' and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

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4. Internal Audit Coverage and Output

The 2016-17 Shared Services internal audit plan, was informed by internal audits own assessment of risk and materiality in addition to consultation with management to ensure it aligned to key risks facing the organisation. The plan has remained fluid throughout the year to maintain an effective focus.

In delivering the internal audit opinion the Southern Internal Audit Partnership have undertaken seven reviews contributing to my audit opinion:

Review	Status	Assurance Opinion
Order to Cash	Final	Adequate
P2P	Final	Adequate
Payroll	Final	Substantial
Taxation (VAT)	Final	Substantial
Master Data Team	Final	Adequate
Employer Pension Responsibilities*	WIP	
OCC Payroll Configuration	Final	N/A (consultancy review)

*Assurance provided on processing of information received from the 'employer'

Fieldwork remains in progress in respect of 1 review (Employer Pension Responsibilities), however, I do not consider this exception to have an adverse impact on the delivery of my overall opinion for the period.

Substantial - A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified;

Adequate - Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified;

Limited - Significant weakness (es) identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk; or

No - Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives

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OCC Payroll Configuration – A review was commissioned during the year with a focus on the OCC payroll configuration within the IBC to gain independent assurance that calculation and reporting of payroll transactions were accurate; and that changes to the payroll configuration were processed accurately and in a compliant manner, ensuring changes were appropriately tested prior to release.

Testing evidenced notably low error rates within the pay runs that informed testing and change control process were generally assessed to be well controlled and compliant. There were no significant issues arising from the consultancy review albeit opportunities were identified to refine, automate and streamline elements of processes followed both within the IBC and OCC. In addition management recommendations have been put in place to enhance channels of communication and resilience in niche areas of expertise.

IT assurance – Assurances with regard the IT environment are not incorporated as part of the Shared Services plan. The HCC internal audit plan provides a comprehensive portfolio of IT coverage affording assurance across the breath of the Council's IT operations, for 2016/17 this included: Capacity Planning & Management; IT Governance; Remote Working Solutions; IT Business Continuity & Disaster Recovery Planning; PSN; Virtualization; Data Centre Security and Cyber Essentials. Our assurance opinion (incorporating these reviews) will be reported to HCC Audit Committee in June 2017 a copy of which will be provided to OCC audit colleagues.

In addition an assurance mapping exercise was undertaken to establish other sources of assurance that could be relied upon to contibute in forming our assurance opinion over the IT control and governance environment. Such assurances included accreditations held in respect of: ISO27001; ISO20000; PSN; PCI; and SAP Customer Centre of Excellence. Each accreditation is subject to ongoing assessment and independent review from its own regularity body.

5. Significant Issues

There were no significant issues evident from the work carried out on the IBC that have impact my assurance opinion.

6. Disclosure of Non-Conformance

In accordance with Public Sector Internal Audit Standard 1312 [External Assessments] requiring 'an external quality assessment to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the organisation' I can confirm endorsement from the Institute of Internal Auditors (November 2015) that:

'the Southern Internal Audit Partnership conforms to the, Definition of Internal Auditing; the Code of Ethics; and the Standards'

There are no disclosures of Non-Conformance to report.

7. Quality control

Our aim is to provide a service that remains responsive and maintains consistently high standards. This was achieved in 2016-17 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success;

- On-going development of a constructive working relationship with the External Auditors to maintain a cooperative assurance approach;

- A tailored audit approach using a defined methodology and assignment control documentation;

- Registration under British Standard BS EN ISO 9001:2008, the international quality management standard complimented by a comprehensive set of audit and management procedures;

- Review and quality control of all internal audit work by professional qualified senior staff members; and

- Independent External Quality Assessment undertaken by the Institute of Internal Auditors (IIA) concluding 'the Southern Internal Audit Partnership conform to all Standards within the IPPF, PSIAS and LGAN.

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8.

Acknowledgement

I would like to take this opportunity to thank all those staff throughout Hampshire County Council (IBC) with whom we have made contact in the year. Our relationship has been positive and management were responsive to the comments we made both informally and through our formal reporting.

Neil Pitman
Head of Southern Internal Audit Partnership
March 2017

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Division(s): N/A

AUDIT and GOVERNANCE COMMITTEE – 26 APRIL 2017

Internal Audit Strategy and Internal Audit Plan for 2017/18

Report by the Director of Finance

Introduction

1. This report presents the Internal Audit Strategy and Internal Audit Plan & Counter Fraud Plan for 2017/18.

Background

2. 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, updated March 2017.

3. 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."

4. 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.

5. The Internal Audit Annual Plan has been drafted however will evolve and needs to be dynamic and subject to amendments / responsive to organisational change and resulting emerging risks during the year.

Audit Planning Methodology

6. To enable the internal audit activity to be in line with the organisation's priorities and objectives, the Internal Audit Plan has been produced with reference to the Corporate and Directorate Risk Registers and in consultation with our key stakeholders, including other assurance providers. As part of the annual planning process the Chief Internal Auditor meets with each of the Strategic Directors, Directors, Deputy Directors, Finance Business Partners and the Director of Finance. This provides crucial insight and intelligence into the strategic and operational priorities of the organisation. Quarterly meetings with each of the Directorate Leadership Teams are attended to ensure the plan is kept under continuous review. The plan will also be reviewed quarterly with reference to the risk registers, and presented to the Audit and Governance Committee for consideration and comment. This ongoing review and insight enables the audit plan to be flexible to meet any changing assurance needs and risks of the organisation.

7. Counter-fraud remains a responsibility for Internal Audit to lead on, and in 2017/18 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 being delivered by Oxford City Council Investigation Team.

8. The Audit and Governance Committee will receive a quarterly report, including a status update on the approved work plans, and a summary of the outcomes of completed audits.

9. The Audit and Governance Committee will continue throughout 2017/18 to gain assurance through reports from Senior Management on key areas such as Fit for the Future (transformation programme), the Hampshire Partnership and the Finance Improvement Plan.

10. The Southern Internal Audit Partnership provides annual assurance to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out by the IBC. Individual audit reports on the IBC key financial systems are shared with the Chief Internal Auditor, Director of Finance and Assistant Chief Finance Officer (Assurance). An overall statement of assurance report is produced and presented to the Audit and Governance Committee each year.

11. The Chief Internal Auditor is a member of the Corporate Governance Assurance Group, which supports the monitoring and development of the assurance framework and production of the Annual Governance Statement. This includes review of the key governance areas through the Corporate Leads.

12. The Chief Internal Auditor continues to attend the Counties Chief Auditor Network (National Group) and also the Midland Counties and Districts Chief Internal Auditors Group to enable networking and to share good practice. This contributes to the internal audit planning activity.

Internal Audit Resourcing

13. The Internal Audit Team for 2017/18 comprises of the following resources:

Gross days	=	1782
Less Overheads & Non Chargeable Days	=	342
Chargeable days available	=	1440

14. There is a reduction of available chargeable days from 2016/17 (1580) to 2017/18 (1440) of 140. This is due to the Compliance Officer's secondment to the Income and Banking Team which is currently still continuing and in the process of being made permanent.

15. As reported previously to the Committee the Compliance Officer's secondment which was in place from October 2016 has not had any material impact on the delivery of the internal audit plan as this post previously undertook compliance activities rather than main audit plan work and also the Trainee Auditors have delivered more audit activity as they develop, with less supervision. As part of Finance Fit for the Future, resources across Finance are currently being reviewed, including Internal Audit and also the wider assurance roles. This post and delivery of compliance based assurance will be reviewed as part of that.

16. The will also be a six month maternity leave absence of one of the Principal Auditors during 2017/18, this would be a further reduction of approximately 80 chargeable days. However the chargeable days available reported in the table below have not been reduced as current discussions are being held with an external provider, with a view to covering the shortfall in days with a secondment arrangement.

17. During 16/17 there was a significant overrun for the completion of the Internal Audit Plan from 15/16 due to the additional time invested in undertaking the key financial systems audits. Approximately 150 chargeable days were spent during 16/17 on the 15/16 plan. However the team have successfully delivered the plan for 16/17 by the end of March with a minimal overrun into the first two weeks of April for finalisation of reports and therefore more chargeable days are therefore available for 17/18 planned work than in previous years.

18. The funding available for Counter Fraud work continues into 17/18. During 16/17 the Oxford City Investigation Team concentrated their counter fraud activities on the Single Person Discount Review, for 17/18 there is now an

opportunity to develop the working relationship and for them to deliver proactive fraud work for OCC. This will enable the Senior Auditor to continue to deliver more chargeable audit days, without impacting on the counter fraud activity.

	FTE	Chargeable days available	Chargeable days - audit assignment	Chargeable days - non assignment	Chargeable days - Counter Fraud
Audit Manager (Interim CIA)	0.7	140	60	60	20
Principal Auditor	0.8	160	155	5	0
Principal Auditor (maternity leave for 6 months - look to cover with external resource so that same level of chargeable days are available)	0.8	160	155	5	0
Senior Auditor (Fraud)	1	200	120	0	80
Compliance Officer (currently seconded)	0.8	0	0	0	0
Auditor	1	200	170	0	30
Auditor	1	200	170	0	30
Team Administrator	0.8	80	0	80	0
I.T Auditor	0.5	100	95	5	0
Oxford City Council Investigation Team	1	200	0	0	200*
Total		**1440**	**925**	**155**	**360***

*These days do not include the days that the City Investigation Team will also spend on the 17/18 SPD work.

Overheads:
This time is for bank holidays, annual leave, special leave, training, contingency for sick absence, and recruitment.

Non Chargeable Days:
The non-chargeable days are for non-audit related activity, including administration time, staff appraisals, 1:1's and departmental work.

Chargeable days - non audit assignment:
These are days not attributed to planned audit activity, such as the Chief Internal Auditors management days, admin support for actual audit work, preparation of the audit plan, operational planning, reports for the AWG and Audit Committee, attendance at Directorate Leadership Teams meetings and corporate assurance groups, External Audit liaison and follow up on implementation of agreed management actions.

2016/17 Internal Audit Plan

19. Appendix 1 sets out the annual Internal Audit plan for 2016/17.

2016/17 Counter Fraud Plan

20. Appendix 2 sets out the Counter-Fraud plan for 2016/17.

RECOMMENDATION

21. **The committee is RECOMMENDED to:**

(a) **Approve the Internal Audit Strategy for 2017/18 and 2017/18 Internal Audit Plan; and,**

(b) **Approve the 2017/18 Counter-Fraud Plan.**

LORNA BAXTER
Director of Finance

Background papers: None.
Contact Officer: Sarah Cox 07393 001246

APPENDIX 1: 2017/18 INTERNAL AUDIT PLAN

PEOPLE DIRECTORATE, including Adult Services, Childrens Services & Public Health			
SERVICE	**AUDIT**		**PLANNED QTR START**
People	Safer Recruitment	A review of compliance with Safer Recruitment policies and procedures across both Childrens and Adults. The scope will also consider access to vulnerable Children and Adults across the other directorates. The audit will also look to review the end to end processes for recruitment, working with the Hampshire Internal Audit Staff providing combined assurance.	Q2
People	Transitions - from Childrens to Adults Service	A review of the transitions process between Childrens and Adults services.	Q4
Adults	Payments to Residential and Home Support Providers	The audit will provide assurance over the accuracy and integrity of the payments processes in place for payments to residential and home support providers.	Q1
Adults	Client Charging (including ASC debt)	This audit provides assurance over the accuracy, integrity and timeliness of client charging. The scope of the audit will also include review of the processes in place for the management of Adult Social Care debt.	Q4
Adults	Personal budgets including Direct Payments	The audit will follow up on the actions from the 16/17 audit and provide assurance around the personal budget and direct payments processes.	Q4
Adults	Mental Health	The audit will follow up on the actions agreed within the 2016/17 audit and the scope will be expanded to also review social work practice and recording.	Q3
Adults	Adult Mental Health Practitioner Service	The AMHP was formally managed via a separate day service and also the Emergency Duty Team. From April the service will be provided by one team 24/7. The audit will provide assurance around the governance,	Q2

		operating and financial processes within the new service.	
Childrens	Thriving Familes - Grant Claims	The conditions of the grant claim require Internal Audit testing and sign off of each claim submitted.	Q2 & Q4
Childrens	CEF Contract Management	The audit will look to review the contract monitoring arrangements in place, including payments, where contracts are managed within Childrens Services	Q3
Childrens	Fostering Service	The audit will provide assurance on the governance and operating processes within the service. It will also follow up on the payments audit undertaken in 2015/16.	Q2
Childrens	EDT	Following a review and re-structure, EDT will be managed by Childrens from April 2017 (and no longer include AMHP). The audit will provide assurance around the governance, operating and financial processes within the new service.	Q2
ICT / Childrens	Childrens Social Care IT System Replacement	A review of the implementation of the new system, including design of key security controls. This is a key corporate system, holding sensitive children and young person's information.	Q3
Schools	Thematic Review	This will be a combined audit / proactive fraud review undertaken across a sample of schools. Scope to be agreed.	Q3
Public Health	Combined Contract Management Audit / Counter Fraud Review	The audit will look to review the contract management arrangements in place, including assurances over the accuracy of payments made.	Q2
COMMUNITIES DIRECTORATE, including Environmental Operations, Strategy, Infrastructure & Planning and Community Safety & Fire and Rescue.			
SERVICE	**AUDIT**		**PLANNED QTR START**
Communities & Resources	Capital Programme - including follow up of 16/17 audit findings	The scope of the audit will be agreed with the Strategic Director of Communities and the Director of Finance, however will include follow up of the 16/17 audit	Q3

		findings.	
Communities	S106	This audit was deferred from the 16/17 plan. It will provide assurance over the application, receipt and dissemination of S106 funding.	Q1
Communities	Supported Transport	The scope of the audit will be agreed with the Director, however will include assurance over the management of referrals into the service and financial processes, such as payments to the providers.	Q2
Communities	Research and Innovation	The audit will provide assurance over the governance, operating and financial processes within the service.	Q3
Communities	Highways Contract Payment - follow up	The audit will follow up on the payments audit completed in 16/17, following the introduction of the new system.	Q3

RESOURCES DIRECTORATE, including Finance, HR, Law & Governance, Policy and Customer Experience

SERVICE	AUDIT		PLANNED QTR START
Finance	Pensions Administration	An annual audit to test the key controls providing assurance that members' records are accurately maintained, and that payment through the pension's payroll are accurate and made on a timely basis to legitimate pensioners only.	Q3
Finance	Pensions Fund	An annual audit to test the key controls providing assurance that the pensions fund is being properly managed, with funds invested securely maximising investment opportunities.	Q3
Finance	Accounts Receivable	To provide assurance over the key control processes operated by OCC to ensure that debtor income is identified, recorded and collected in a timely and efficient manner. Hampshire Internal Audit provides separate assurance over the IBC operated controls and processes.	Q4

Finance	Payroll	To provide assurance over the key control processes operated by OCC to ensure that payments are accurate, timely and paid to legitimate employees only. Hampshire Internal Audit provides separate assurance over the IBC operated controls and processes. The audit will include review of compliance with the new IR35 regulations.	Q4
Finance	Purchasing / Procurement (including pre-paid cards)	To provide assurance over the key control processes operated by OCC in respect of the different purchasing and procurement methods. Hampshire Internal Audit provides separate assurance over the IBC operated controls and processes. For 17/18 the scope will also include the introduction of pre-paid cards.	Q3
Finance	Feeder systems	The audit will provide assurance that there are adequate and effective controls in place to ensure the accuracy and integrity of data being transferred from a sample of feeder systems to SAP.	Q1
Finance	Insurance	The Insurance Team is implementing a new I.T. system this year. The audit will provide assurance around the governance, operating and financial processes within the service.	Q3
Finance / Corporate	Grant Certification	There are several requests made through the year for Chief Internal Auditor sign off of grant certifications.	Q1- Q4
Finance / Corporate	Security Bonds	The audit will review the controls over the validation and monitoring of Security Bonds which are required when the Council enters into contracts, providing benefits such as land or property in return for delivery of outcomes by the contractor.	Q2
Corporate	Contract Management System	The audit will review the governance frameworks in place for Procurement and Contract Management, including the implementation and embedding of the new e-Contract & Supplier Management System.	Q3

Corporate	Programme Management Office	The audit will review the newly established Programme Management Office, which is responsible for monitoring all programmes and projects within the Council, ensuring projects are guided to successful completion, applying a strong project management discipline, and is line with the priorities of the Council set via the Transformation Board.	Q3
Corporate / ICT	Fit for the Future - Digital First Platform	A review of the programme structure and delivery plan for the Digital First Platform. Digital First is a key component of the Fit for the Future work. The audit scope will also include review of the associated procurement and payments processes.	Q2- Q4
HR / Corporate	Sickness management	The audit will provide assurance over the key control processes in place to ensure compliance with sickness management policies and procedures.	Q1/Q2
HR / Corporate	Establishment control / HR data	The audit will provide assurance over the key control processes in place to ensure the accuracy of establishment and HR data.	Q1/Q2
HR / Corporate	Recruitment	See entry under People Section of Audit Plan. As part of the safer recruitment audit planned to be undertaken across Childrens and Adults, the scope has been extended to work with Hampshire Internal Audit Team and provide combined assurance over the end-to-end recruitment processes.	See above
ICT	Cyber Security	To ensure there are adequate and effective management and technical controls in place to protect against cyber-attacks.	Q2
ICT	Disposal of Equipment	To evaluate the controls over the disposal of ICT equipment, including the secure wiping of data. This will include follow up of the 2015/16 audit. As part of the Windows 10 project it is anticipated that a large volume of hardware will be disposed of.	Q1

ICT	PSN compliance (Public Services Network)	To ensure that the PSN Code of Connection (CoCo) requirements are being met.	Q2
ICT	Mobile Computing	To review the security of data held on mobile devices, such as tablets, laptops and smartphones.	Q1
ICT	ICT backup and recovery	To review the procedures and processes for taking backups of corporate data and for testing those backups.	Q3
ICT	ICT incident management	A review of how incidents reported to the IT service desk are managed and monitored through to resolution. A new IT service management system is being implemented in 2017 and will be supported by new processes and workflows.	Q3
ICT / Childrens	Childrens Social Care IT System Replacement	See entry under Childrens Audit Plan Section	See above

APPENDIX 2: 2017/18 COUNTER-FRAUD PLAN

Activity	Planned Qtr Start
Review and update of fraud risk register. Identification of new fraud risk areas.	Ongoing
NFI 2016 match - review and investigation of data matches	Q1
Reactive investigations - continued from 2016/17 plus new referrals.	Ongoing
Fraud awareness sessions.	Ongoing
Proactive Fraud Review - Travel and Expenses	Q1
Proactive Fraud Review - Procurement Cards	Q1
Combined thematic audit / proactive fraud review - Schools	See audit plan entry
Combined contract management audit / proactive fraud review - Public Health	See audit plan entry
Continue with development of working arrangements with the City Council for Counter Fraud to include: - Single Person Discount Review (including extending to other reliefs/discounts) - Support with the NFI 2016 data match (focus on areas which have previously returned positive results) - Support with reactive investigations - Development of a plan of proactive fraud reviews, potential areas for 17/18 include Procurement, Direct Payments, Deprivation of assets/Non declaration of income and Insurance.	Q1 - Q4

AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT 2016/17

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Chairman's Introduction

As the Chairman of the Audit and Governance Committee I am very pleased to present this annual report which sets out the role of the Audit & Governance Committee, and summarises the work we have undertaken both as a Committee, and through the support of the Audit Working Group during the financial year 2016/17.

The Committee operates in accordance with the good practice guidance produced by the Chartered Institute of Public Finance Accountancy (CIPFA) in 2013.

The Committee continues to be well supported by Officers, providing a high standard of reports and presentations. In particular I should like to thank the Internal Audit and the External Audit teams.

I should like to take this opportunity to give my personal thanks to all the officers, Dr Geoff Jones, Chairman of the Audit Working Group, my Vice Chairman Cllr David Wilmshurst and without exception, all fellow Committee members who have contributed and supported the work of the Committee in such a meaningful and positive way throughout the past year.

COUNCILLOR SANDY LOVATT
Chairman, Audit & Governance Committee

Role of the Audit and Governance Committee

The Audit and Governance Committee operates in accordance with the "Audit Committees, Practical Guidance for Local Authorities" produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2013. The Guidance defines the purpose of an Audit Committee as follows:

> 1. Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high level resource to support good governance and strong public financial management.
> 2. The purpose of and Audit Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

The key functions of the Audit and Governance Committee are defined within the Council"s Constitution; the relevant extract is attached as Annex 1 to this report. In discharging these functions the Committee is supported by the Audit Working Group, their terms of reference are attached as Annex 2 to this report.

Key Activities

In this section the activities of the Committee during 2016/17, including the Audit Working Group, are summarised under the headings of the key functions.

Internal Control

The Audit & Governance Committee approved the Annual Governance Statement (AGS) for 2015/16 in September 2016. This included eight actions to improve existing governance arrangements. The Committee actively monitors progress with the implementation of these actions. The eight areas for 2016/17 are:

- Management of ICT systems and supplier relationships
- Data reporting and information governance by third party partners
- Data Quality
- Finance Improvement Plan
- Commercial Services Board
- Transformation
- Health & Safety - repairs and maintenance in schools
- Corporate Security

In response to Internal Audit and Risk Management reports the Committee, through the Audit Working Group, has looked in detail at the following areas:

- Mental Health
- Capital Programme, Governance & Delivery

The Committee receives and consider regular updates in the following areas:

- Finance Improvement Plan
- Hampshire Partnership - Finance and HR updates
- Fit for the Future (transformation)

The Committee receives regular progress reports from the Chief Internal Auditor, including summaries of the outcomes from Internal Audit work. Through the Audit Working Group, the Committee monitors the progress with the implementation of management actions arising from audit reports.

Risk Management

The Committee, through the Audit Working Group, has continued to receive regular updates from the Assistant Chief Finance Officer (Assurance) on risk management, which includes the information included within the Business Management Report which is presented to the Council's Leadership Team.

The reports reviewed have demonstrated good progress in the alignment between risk and performance reporting and the link to strategic objectives. The Strategic risk register has been reviewed and will be subject to regular ongoing review by the Audit Working Group during 2017/18. The Audit Working Group is satisfied from their

review that the process for reporting, escalating and manging risks is being maintained.

The Committee approved the Risk Management and Assurance Policy in July 2016.

Internal Audit

The Committee approved the Internal Audit Strategy for 2016/17, including the annual audit plan and counter fraud plan, which provides members the opportunity to challenge and influence the plan where the Committee has identified areas of concern.

The regular update reports of the Chief Internal Auditor to both the Audit and Governance Committee and also the Audit Working Group has enabled emerging issues arising from Internal Audit activity to be considered on a timely basis, including where appropriate working with the Senior Officers to seek assurance that matters are being dealt with promptly and effectively.

The annual review of the effectiveness of the system of Internal Audit, commissioned annually by the Committee was reported and considered in April 2016. Overall the results are very favourable and demonstrated a strong level of satisfaction about the nature and effectiveness of the service. There were no issues 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. The next annual review is due to report again in July 2017.

The Committee has continued to monitor the resourcing of Internal Audit, and was pleased to note that the team throughout 2016/17 was fully resourced, with the exception of one member of staff who was seconded for 6 months. This however did not have a material impact on the delivery of the audit plan. A new structure was embedded from April 2016 with the previous roles of Chief Internal Auditor and Audit Manager combined.

The Internal Audit Plan was completed by April 2017 and the annual statement of the Chief Internal Auditor produced for the April 2017 Committee. Based on the evidence of the reports presented to the Audit Working Group and the Committee, the team continues to provide an effective challenge and therefore assurance on the key risk activities.

The Committee also met with the Chief Internal Auditor in a private session and are satisfied Internal Audit are free to carry out their duties without restrictions.

External Audit

The Council's external auditors, Ernst and Young, attended all the committee meetings during 2016/17, providing regular updates on their work plan and any matters arising. In addition they have provided the Committee with sector updates for consideration that highlight key themes, issues and priorities for local government. These have been well received and are very helpful to the Committee. The Committee received and reviewed the External Audit Annual Letter.

The external auditors have an open invitation to attend the Audit Working Group. They do not routinely attend, but do receive all the papers.

The Committee also met with the external auditors in a private session and are satisfied they are free to carry out their duties without restrictions. We are also assured that if identified they would bring any material issues to the attention of the Committee.

Anti-Fraud and Corruption

The Audit Committee and Audit Working Group receive regular updates from the Chief Internal Auditor on any reported matters of suspected fraud, including investigations. In 2016/17 there have been several instances of potential minor fraud reported.

The Council is continuing to work in collaboration with the Investigations Team in Oxford City Council who provides our counter-fraud service.

We received a report on Whistleblowing from the Monitoring Officer, that highlighted there have been very few cases. Overall the Council has a strong system of internal control so it is not unexpected there is very little fraud identified; however nationally statistics show that fraud is on the increase, so it is important that we all remain vigilant.

Annual Accounts Process

The 2015/16 Accounts were prepared on time and presented to the Committee for comment. We received the External Auditors report in September 2016 when it was very pleased to note that high standards had been maintained with no material issues reported.

Treasury Management

The Committee receives reports from the Treasury Management Team three times a year, exercising its stewardship role. The Committee reviewed:

- The Treasury Management Outturn Report (July 2016)
- The Treasury Management Mid-term Performance Report (Nov 2016)
- The Treasury Management Strategy Statement and Annual Investment Strategy 2017/18 (January 2017)

There were no material issues to note.

The committee members attended an industry update briefing presented by Arlingclose covering new legislation and potential risks; to help inform the review of the 2017/18 Treasury Management Strategy.

Governance

The committee agreed the Annual Governance Statement 2015/16 that explained how the County Council had complied with the code of corporate governance. The Committee reviewed the Code of Corporate Governance (reviewed every two years) and also the constitution review.

The Committee and Audit Working Group also received the following reports, the annual report of the Monitoring Officer; the annual report of the Local Government Ombudsman; the use of the Regulation of Investigatory Powers Act 2000 (RIPA); review of scale of election fees 17/18 and, the Fire and Rescue Service Annual Statement of Assurance. There were no material issues or concerns arising.

The Committee received a report on the Senior Management Review in December 2016, considering the recommendations and proposed structure from the review. It also received regular updates on the Transformation programme.

The Committee has not received any reports in respect of investigations into allegations of misconduct under members' code of conduct. The Committee has not granted any dispensations from requirements relating to interests as set out in the code of conduct for members.

The Committee is responsible for the work of the Appeals & Tribunals Sub-Committee a panel of members that is chaired by a member of the Audit & Governance Committee*. They carry out a range of appeals and tribunals:

Type of appeal	Number in Calendar Year 2016
Member Appeals:	
Appeal against dismissal	0
Appeal against redundancy selection	0
Raising concerns at work appeals	0
Disciplinary and Capability appeals	1
Job Evaluation formal appeals	0
Home to School Transport Appeals	54 Total* 10 Upheld (wholly or in part) 34 Refused 10 Withdrawn *Appeals requested in 2016

* Excluding Home to School Transport Appeals where the Panel is made up of one councillor, one officer and one independent person.

Audit and Governance Committee

The Audit and Governance Committee comprises of nine elected members representing the three main political parties and a Co-opted Member, Dr Geoff Jones.

The Audit Working Group, chaired by Dr Jones, comprises three elected members from the Committee, plus officers. Papers for the Audit Working Group are circulated in advance to all members of the Audit and Governance Committee. All members of the Committee can attend the working group meetings.

Officers

The Audit and Governance Committee continues to be well supported by Officers, providing reports either in accordance with the Committee's work programme, or at the request of the Committee. In 2016/17 the Director of Finance, the Assistant Chief Finance Officer (Assurance), the Director of Law and Governance (& Monitoring Officer), and the Chief Internal Auditor routinely attended the meetings. These same officers also attended the Audit Working Group meeting.

External Audit

The External Auditors, Ernst and Young, have attended all the Audit and Governance Committee meetings.

Meetings

The Audit and Governance Committee met seven times in 2016/17 and the Audit Working Group met six times. Work programmes are used by both the Audit Committee and the Audit Working Group to ensure requirements of the Committee are fulfilled. The programmes are reviewed with officers at each meeting and added to when appropriate to ensure ad-hoc investigations instigated by the Committee are reported.

The following are the functions of the Audit & Governance Committee extracted from the Constitution – Article 8

(1)   The functions relating to elections specified in Section D of Schedule 1 to the Functions Regulations.

(2)   The functions in relation to the designation of particular officers for certain purposes specified in Paragraphs 39, 40, 43 and 44 in Section I of Schedule 1 to the Functions Regulations.

(3)   The functions in relation to the approval of the statement of accounts etc. specified in Paragraph 45 in Section I of Schedule 1 to the Functions Regulations including the Annual Governance Statement (including Statement on Internal Control).

(4)   To monitor the risk, control and governance arrangements within the Council, together with the adequacy of those arrangements and those of others managing Council resources:

-     to ensure compliance with relevant legislation, guidance, standards, codes and best practice, whether external or internal;

-     to provide assurance on the effectiveness of those arrangements both generally and for the purposes of the Annual Governance Statement, including arrangements for reporting significant risks; and

-     to ensure coordination between internal and external audit plans to maximise the use of resources available as part of a total controls assurance framework;

and to draw to the attention of the appropriate scrutiny committee any issues which in the Committee‟s view would benefit from a scrutiny review or further investigation.

(5)   To consider and comment on the Council‟s External Auditor‟s annual work plan, the annual audit letter and any reports issued by the Audit Commission or the Council‟s External Auditor. Where issues affect the discharge of executive functions, to make recommendations as appropriate to the Cabinet, and where any issues affect the discharge of non-executive functions, to make recommendations to the appropriate Council Committee.

(6)   To systematically monitor:

-     the performance and effectiveness of Internal Audit Services processes within the Council, including undertaking an annual review using key performance indicators e.g. client satisfaction, percentage of plan completed, percentage of non-chargeable time;

-     the strategic Internal Audit Services Plan and annual work plan, advising on any changes required to ensure that statutory duties are fulfilled;

-     resourcing for the service, making recommendations to the Cabinet and Council on the budget for the service;

- arrangements for the prevention and detection of fraud and corruption; and

- the system for Treasury Management

and to draw to the attention of the appropriate scrutiny committee any issues which in the Committee"s view would benefit from a scrutiny review or further investigation.

(7)   To promote high standards of conduct by councillors and co-opted members.

(8)   To grant dispensations to councillors and co-opted members from requirements relating to interests set out in the code of conduct for members.

(9)   To receive report from member-officer standards panels appointed to investigate allegations of misconduct under the members" code of conduct.

(10)   To advise the Council as to the adoption or revision of the members" code of conduct.

(11)   To implement the foregoing in accordance with a programme of work agreed by the Committee annually in advance, and to report to the Council on the Committee"s performance in respect of that programme.

(12)   The Committee will appoint an Appeals & Tribunals Sub-Committee which will have the following responsibilities and membership:

Responsibilities:

(i)   The determination of appeals against decisions made by or on behalf of the authority as specified in Paragraph 2 of Schedule 2 to the Functions Regulations.

(ii)   To hear and determine appeals in cases where the relevant procedure rules require this function to be performed by a formally constituted committee or sub-committee.

(iii)   To hear and determine appeals in other cases under the relevant procedure rules.

Membership:

The Appeals & Tribunal Sub-Committee will meet as needed and its membership will be:

(i)   A member of the Audit & Governance Committee (or substitute)

(ii)   Two other members of the Council (one being a Cabinet member in the case of Fire Discipline issues)

ANNEX 2 - Audit Working Group Terms of Reference

Membership

The Audit Working Group shall comprise of:-

The independent member of the Audit and Governance Committee who will chair the Group, together with three members of the Audit and Governance Committee, one of whom shall be the Chairman of the Committee. There will also be up to three named members of the Audit and Governance Committee who will deputise as required.

The Director of Finance and/or Assistant Chief Finance Officer (Assurance), Director of Law and Governance (& Monitoring Officer), and the Chief Internal Auditor, or their representatives shall attend the Group meetings.

Members of the Group and their deputies should have suitable background and knowledge to be able to address satisfactorily the complex issues under consideration and should receive adequate training in the principles of audit, risk and control.

All members of the Audit and Governance Committee can attend Audit Working Group Meetings as observers.

Role

The Audit Working Group shall:

act as an informal working group of the Audit and Governance Committee in relation to audit, risk and control to enable the Committee to fulfil its responsibilities effectively in accordance with its terms of reference (Article 8 of the Constitution);

routinely undertake a programme of work as defined by the Audit and Governance Committee;

consider issues arising in detail as requested by the Audit and Governance Committee;

receive private briefings on any matters of concern;

at least annually hold a private session with the External Auditors not attended by any officers, and a further private session on Internal Audit matters with the Chief Internal Auditor only.

Reporting

The Director of Finance will report to the Audit and Governance Committee on matters identified by the Group following consultation with the Chairman and members of the Group.

Meeting

The Group shall meet regularly in cycle with the Audit and Governance Committee.

The Group may invite any officer or member of the Council to attend its meetings to discuss a particular issue and may invite any representative of an external body or organisation as appropriate.

Confidentiality

The Group will meet in private to allow full and frank consideration of audit, risk and control issues.

All matters discussed and papers submitted for the meetings including minutes of the previous meeting must be treated as confidential. Papers will be circulated in advance to all members of the Audit and Governance Committee for information whether attending the Group or not.

Where any other member wishes to inspect any document considered by the Group and believes that s/he has a "need to know" as a County Councillor, the procedure in the Council's Constitution relating to Members Rights and Responsibilities (Part 9.3) shall apply.

Updated ………..April 2017

Review Date……April 2018

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OXFORDSHIRE COUNTY COUNCIL

Scrutiny Annual Report

2016 – 2017

Foreword

As with previous years, the council has continued to face a challenging environment. The continued budget pressures the council faces have been compounded by uncertainty due to the shifting local and national political environment.

In the face of these challenges the council has endeavored to take proactive action to address current and future challenges, and deliver improved services for the residents of Oxfordshire. This has seen the council begin the implementation of its transformation programme, Fit for the Future, and advancing the case for a unitary council for Oxfordshire.

Oxfordshire County Council's scrutiny committees have focused on these priority issues for the council, and have provided challenge and insight to ensure that the council's proposals serve the residents of Oxfordshire as fully as possible. The focus on these proposals was complemented by addressing the regular business of the council, along with emerging issues for the council and county.

To ensure the council's scrutiny function is as effective and comprehensive as possible, we as Chairmen have committed to quarterly meetings to discuss issues affecting all scrutiny committees, the county council and the county as a whole. This has enabled the council's scrutiny function to be efficient, productive and focused.

We are proud of all that the scrutiny committees have achieved this year, and look forward to a challenging but effective 2017/18.

Cllr Liz Brighouse 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

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1.	Introduction

1.1. This Scrutiny Annual Report provides a summary of the work of the council's overview and scrutiny function in 2016/17. 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 Brighouse OBE. The councillor membership is politically proportional to the membership of the Council. The committee met eight times in 2016/2017.

2.2. At the start of the year the committee's Deputy Chairman, Cllr Neil Fawcett, stood down and was replaced from within the committee's existing members by Cllr Steve Harrod. In November 2016 Cllr Harrod was appointed to a new Cabinet position for Education, and Cllr Janet Godden was duly appointed from within the committee's members as the new Deputy Chairman.

2.3. Some of the committee's 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 Police and Justice Act 2006, to review and scrutinise decisions made or actions taken by community safety partners.

2.4. This year the committee was addressed by 2 members of the public and 14 councillors who are not members of the committee. The committee also welcomed a high volume of attendance by members of the public, particularly when agenda items concerned children's services. It is to be hoped that strong public interest remains a feature of the committee's business in future.

Service and Resource Planning

2.5. The Performance Scrutiny Committee has overall responsibility for scrutinising budget proposals. In December and January the committee considered budget proposals for 2017/18 and the medium term, including pressures and savings for that year, the impact of key announcements in the Government's Autumn Statement, and the capital programme proposals for 2017/18 to 2020/21.

2.6. In this context, attention focused on the council's future development, particularly the "Fit for the Future" transformation programme. The programme will be the vehicle and enabler by which services and administrative arrangements would be transformed over the medium term, delivering savings and creating greater efficiency. The committee heard how some projected

savings would be achieved via the "digital first" work-stream within the Fit for the Future programme.

2.7.   In considering Service and Resource Planning the committee heard from the council's Chief Executive, Peter Clark, about the need to continue strengthening the relationship between officers and elected members. For example, this would include the benefits and value for money of drawing increasingly on members' local knowledge and experience of local and county-wide issues, both to properly help develop the council's business and to ensure that members are equipped to be accountable to local residents.

2.8.   The committee warned of the risks of cutting staff resources too far in the name of financial savings, noting the potential for staff being overloaded or demoralised, and services being adversely affected. Similarly, concern was expressed that savings in some services – especially preventative services – could be counterproductive if cut too far. Emphasis was placed on the potential for the Transformation programme to make processes more efficient so that the council can be better run, even with lower staff resources.

2.9.   The committee continued to ensure that there is effective challenge to Service and Resource Planning proposals through improved briefing and engagement of all members, not just committee members. To this end an all-member briefing was organised on the Cabinet's proposed budget (18 January) and in support of the approach to Service & Resource Planning this year, an all member briefing on the County Council's Senior Management Review (9 December), and the committee's 13 September meeting on proposals for the future of local government in Oxfordshire was widened to become an all-members session at which large numbers of non-committee members were able to speak.

2.10.   A number of areas of investigation identified in last year's report by the committee during the 2015/16 Service and Resource Planning process had become high profile this year. These included community safety, safeguarding adults and children, the reshaping of early intervention services, and the review and reform of the council's performance management arrangements.

Performance Management

2.11.   The committee has continued with the practice of examining the council's overall performance report on a quarterly basis, effectively holding the council to account for the pledges made at the start of the year in its Corporate Plan. In addition to examining overall performance the committee has played a vital role in the council's planning and delivery of some of its highest priority services, such as safeguarding children, adult social care and community safety, which have all featured strongly in the committee's scrutiny this year.

2.12.   The committee remained 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. For example, the council's major contract with Carillion

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for estates and facilities management services was given close consideration at the committee's September 2016 meeting. At the same meeting consideration was given to the council's contribution to, and benefit from, the Oxfordshire Local Economic Partnership (OxLEP), and a similar scrutiny of the council's strategic partnerships with other external bodies was undertaken in the October 2016 meeting.

2.13.   With the committee's support, officers have engaged in reforming the council's performance management arrangements, with the ambition of creating a clearer and more keenly prioritised system of business management. At its February 2016 meeting, the committee had given unanimous support for a more streamlined, outcome-based approach to performance, with measures linked closely to the priorities in the Corporate Plan. The results of the emerging new system were considered in the form of the quarterly performance reports which featured on agendas throughout the year. Additionally, the developing proposals were considered in depth at a committee members' workshop in August 2016, which constructively steered the process and ensured that the presentation of performance data in this transitional period remains fit for purpose.

2.14.   As well as regular scrutiny of individual service areas the committee undertook more detailed examinations of specific areas of performance when necessary. The "deep dive" into the council's activities around infrastructure funding for example (see paragraph 2.27 below) stands as an example of how the committee is employing new ways to dig into detail to understand the council's performance.

Crime and Community Safety

2.15.   The committee gave considerable attention to crime and community safety during the year. In May 2016 the committee scrutinised the Community Safety Agreement Annual Business Plan, including an account of the work of Oxfordshire Safer Communities Partnership (2015-16) and the Safer Oxfordshire Partnership (2016-17), presented jointly by the previous and current Chairmen. Progress with, and future direction of, the council's 365Alive strategy, led by Oxfordshire Fire and Rescue Service (OFRS), was also scrutinised, as was the OFRS draft Annual Report. OFRS's work beyond emergency response was particularly noted, for example their work on safeguarding vulnerable adults and mental health.

2.16.   The October 2016 meeting considered the work of both the Thames Valley Police & Crime Commissioner and the Chief Constable of Thames Valley Police. This meeting asked challenging questions of the PCC and Chief Constable and sought to hold these two external officers to account. The meeting was designated as fulfilling the committee's responsibility to act as the council's "crime and disorder committee" in accordance with s.19 of the Police and Justice Act 2006.

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Safeguarding Children and Children's Services

2.17. The committee's scrutiny activities help to ensure the council is effectively safeguarding the most vulnerable people within our communities. The council's proposals to change the way some of our children's services are provided received considerable public and media attention during the year, and the committee ensured that its scrutiny function was also closely applied.

2.18. On 12 May the committee considered the findings of a recent inspection of the Multi-Agency Safeguarding Hub (MASH) and work underway at that time to find a new service model. Subsequently at the 24 May meeting the committee considered the impact on children's services of financial changes resulting from the council's 2016/17 budget and Medium Term Financial Plan. The committee focused both on the immediate impacts and related performance matters such as MASH caseloads, supported transport and rural service provision. The committee's conclusion that the proposals and their implementation should remain under close scrutiny reflected the gravity of the subject, and indeed the matter was returned to at several future meetings, both specifically and in the context of other children's service agenda items.

2.19. The September 2016 and March 2017 meetings had a particularly strong focus on children's services. In September the committee scrutinised three related reports - the Oxfordshire Safeguarding Children Board Annual Report, the Performance Audit and Quality Assurance Annual Report, and the Case Review and Governance Subgroup Annual Report. Within this a wide range of topics was scrutinised, from caseload pressures to sexting, and from handling serious case reviews and the Prevent agenda to working with schools and community groups to support awareness of Lesbian, Gay, Bisexual and Transgender (LGBT) issues. In March 2017 the focus returned to the impact of new Children's Services structures on the council's outcomes for children, against a backdrop of rising demand for children's services. Members considered papers on the council's provisions for safeguarding, missing children and serious case reviews, and were able to understand and challenge the factors affecting performance in these areas.

2.20. Following discussion of the quarter 2 performance report members of the committee agreed to attend November's meeting of the Corporate Parenting Panel to gain a greater understanding of budget pressures on the performance of wellbeing services for children for whom the council acts as the responsible parent. The findings of that exercise were reported back to the full committee in the March 2017 meeting. This is an example of how the committee remains innovative in its approach to scrutinising performance using a wide range of sources of information.

Adult Social Care

2.21. Social care services for adults in Oxfordshire remained high among the committee's priorities during the year. Members scrutinised the annual report of the Oxfordshire Safeguarding Adults Board in September 2016. The committee then devoted time at two later meetings to consider the council's consultation on a range of adult care matters including respite for carers, carers' personal budgets and daytime support.

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2.22. Within the routine quarterly performance reports, members frequently gave particular attention to areas of concern in adult services, including delayed transfers of care, access to reablement services and home care. Ultimately the committee recorded concerns over funding, sustainability of resources and recruitment and retention of a skilled workforce. As part of the December meeting on Service and Resource Planning the committee challenged the council's handling of new precept powers to raise funds for adult social care, ultimately being satisfied at January's meeting with the Chief Finance Officer's account of budget arrangements in this area.

Future of Local Government in Oxfordshire

2.23. Proposals for the future of local government in Oxfordshire featured prominently throughout the county council's year, and the committee duly sought opportunity to scrutinise the emerging proposals and evidence for the various potential models.

2.24. In particular, the committee's 13 September meeting looked closely at the two reports produced by PwC (commissioned by the city and district councils) and Grant Thornton (commissioned by the county council) on future options for local government in Oxfordshire in order to make recommendations to Cabinet regarding the Council's next steps. The session was held as an all-member session, reflecting the value of scrutinising the evidence with the contribution of a wider audience. Ultimately the committee was able to make recommendations to the Cabinet which reflected members' priority for (among other matters) residents' needs being met, the greatest opportunity for financial savings, and the need for local engagement, decision-making and powers.

2.25. Having considered December's Service and Resource Planning meeting in the context of potential local government reform, the committee again sought the opportunity for more focused scrutiny in the latter area. Its 9 March meeting was dedicated to consideration of a public and stakeholder engagement exercise that was undertaken on proposals for a single unitary authority. The committee, joined in attendance by a number of other non-committee county councillors, discussed the exercise and the revised 'One Oxfordshire' bid document. The discussion was open to all councillors present to make points for consideration by the committee. Members were able to question officers about details in the bid, and to consider matters affected by the bid including local democracy and finance. The committee also considered how the bid, if successful, would be implemented. As a result, the committee resolved a number of formal comments to Cabinet, to be considered by Cabinet in determining whether or not to submit the bid to the Secretary of State.

Other Issues

2.26. 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. For example in September the committee considered a detailed presentation which provided a review of, and forward look for, the subject of the council's

interests in property and facilities management. This included close scrutiny of both the council's own activities and those of one of the council's main contractors, Carillion

2.27.   During the year, three members of the committee worked on a "deep dive" scrutiny of the council's activities around s.106 infrastructure agreements and the Community Infrastructure Levy (CIL). Equipped with their own local knowledge of infrastructure provision, members worked constructively with relevant officers to examine in depth the structures and processes around s.106 and CIL, and to consider how these impact on outcomes and performance. The result was that a focused account of their findings was brought back to the full committee. This sort of "deep dive" will stand as a model for future committee work and should strengthen both the scrutiny function and the policy or service areas in question.

Call-In

2.28.   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 did not use its call-in powers during 2016-17.

Forward Planning

2.29.   Forward planning for the year is an ongoing process. The council continues to face significant challenges around both funding and demand, giving rise to changes both in terms of how the council operates, and how services are delivered. Both of these will be themes for the Performance Scrutiny Committee in 2017-18, as well as the ongoing scrutiny of performance.

2.30.   The setting of future committee agendas remains a matter of balance. Ensuring that meeting time is given to all the business which members wish to scrutinise meant on occasion that agendas were crowded, and at times during the year members felt they would have liked longer to do particular items full justice. Suggested improvements such as longer meetings and improved co-ordination between timetables and agendas for all three committees will help in this respect in the coming year. Equally the extent to which scrutiny business can be handled outside busy meetings – for example by 'deep dives' by smaller sub-groups of members and officers – will be important.

2.31.   The continuing importance of working in partnership and effective commissioning will mean that the committee is likely to wish to look at these activities in more detail in the coming year. This could include, for example, scrutiny of the council's commissioning framework as well as examination of the annual 'partnerships report'.

2.32.   The occurrence of Council elections on the near horizon will be factored into the committee's forward plan, taking into account the potential for new members and the need to provide both continuity and new focus in the committee's agendas. For newly-elected councillors in particular, the induction process will include training on the scrutiny function and how this is exercised by the county 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 5 times in 2016/2017.

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.   There was one visit to a school in this year.

3.4.   The committee was successful in securing attendance at the July 2016 and March 2017 meetings of the Regional Schools Commissioner and the Ofsted Regional Director to ensure the committee can effectively focus upon the continued improvement of schools in Oxfordshire.

Expansion of the Academisation Programme

3.5.   Following the White Paper 'Educational Excellence Everywhere' the committee discussed and considered the implications for the expansion of the academisation of schools in Oxfordshire and raised concerns about the cost implications and the future viability of smaller rural schools of which there are a number in Oxfordshire. The committee was clear that its supports the encouragement of locally grown multi-academy trusts to meet the needs of both large and small schools in Oxfordshire and raised this with Martin Post, the Regional Schools Commissioner, at the July 2016 meeting.

School Funding Changes

3.6.   The committee has continued to consider the changing responsibilities and resources in relation to school improvement and support over the last year. The committee has discussed concerns regarding the reduction of resources to the local authority whilst authorities continue to maintain responsibility for carrying out statutory duties.

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3.7.   A national consultation about the introduction of an Early Years national funding formula was undertaken with changes being implemented from April 2017. The committee is currently considering its response to the current national consultation of the Schools national funding formula and High needs funding reform which is due to be implemented in 2018/19. When the change in the way schools are funded is implemented Scrutiny committee members agreed that the committee will monitor the impact on schools and school improvement in Oxfordshire.

Responsibilities of the Regional Schools Commissioner

3.8.   New government guidance issued in April 2016 has changed the responsibilities and role of the local authority. The Regional Schools Commissioner is now able to intervene in maintained schools in addition to academies. Martin Post, Regional Schools Commissioner for South-Central England and North-West London (RSC) attended the committee meeting in July 2016. The scrutiny committee raised with the Regional Schools Commissioner the concerns around schools that had been judged as inadequate and questioned about the action that had been taken in relation to the underperformance of academies in Oxfordshire. The RSC reported that he is closely monitoring 12 schools in Oxfordshire that were underperforming and was considering introducing further monitoring around the governance to ensure rapid improvement. However the RSC emphasised that it is the Academy Trust's responsibility to ensure school performance improves through the school improvement plan. The committee also expressed concern that not all academies were providing figures on attendance and the RSC would follow this up.

3.9.   The committee asked about seeking appropriate sponsors for academies and the RSC gave an assurance that he would continue to seek the views of the local authority to identify the most appropriate sponsor and also to name sponsors promptly to ensure rapid improvement of schools.

Oxfordshire Schools Strategic Partnership

3.10.   The first Oxfordshire Schools Strategic Partnership Annual Report was presented to the committee at the September 2016 meeting. The Oxfordshire Strategic Schools Partnership Board (SSPB) brings partners together to promote the development of sustainable school to school support across the county. The committee heard that in the first year of working together the board has been successful in engaging schools and partners so that the work includes all key partners in the current educational landscape in Oxfordshire. A recruitment and retention project by Oxford University and Oxford Brookes University was commissioned and presented to the committee at the December 2016 meeting. An operational group had also been established which manages the school improvement function.

3.11.   The Education Scrutiny Committee stressed the importance of the board's priority of improving attendance and the committee's future focus should be working in partnership on this priority.

Recruitment and Retention of Teachers

3.12.   The recruitment and retention of teachers in Oxfordshire has been a key issue examined by the committee at a number of meetings this year. Several people over the year came to discuss recruitment and retention of teachers with the committee including primary and secondary schools, Oxfordshire Teaching Schools Alliance, SOHA housing association, Oxford Brookes and Oxford University.   Schools reported that their biggest concern was finding and keeping good teachers. Factors that were raised to the committee from the different attendees at meetings were that there are national and local shortages of numbers being trained especially in some specialities and the high cost of housing in Oxfordshire was also a barrier. The committee was informed that the shortages of numbers of teachers being trained was a result of the national allocations policy which limited the number of training posts on offer and did not take account of local need.

3.13.   The committee recommended that the Cabinet Member requested of the Secretary of State that there should be a revised allocations policy that allows Oxfordshire schools to recruit sufficient trainees to meet the future needs of local secondary, primary, nursery and special schools.

3.14.   The committee also recommended in the meeting in April 2016 that the local authority explores possible options for the sale of local authority land for new housing for teachers. A meeting in December 2016 has taken place with the interim Oxfordshire County Council Director and the cabinet member to explore this option further and this will be explored further in the coming year.

3.15.   A report had been commissioned by the Strategic Schools Partnership Board to look at recruitment and retention of newly qualified teachers in Oxfordshire Schools. The report was presented to the committee in December 2016. One finding was the significance of teachers' existing connections to the locality and in some cases to individual schools as a key factor in attracting new teachers. There were specific recommendations about recruitment and retention and the committee accepted the report and made several recommendations that the report be shared widely with schools and that the local authority and schools work together on a programme of emphasising that Oxfordshire was a great place to live and work. The report has since been shared with schools and the local authority's Director of Human Resources.

Primary School Educational Attainment

3.16.   The committee scrutinised educational attainment and noted that although Oxfordshire performed broadly in line with national averages, performance in writing tests was in the lowest 25% nationally. Also the committee noted that there was a significant amount of underperformance of schools in Oxford City and Banbury.

Secondary School Educational Attainment

3.17. The committee received a report in December 2016 on secondary school attainment. A new secondary school accountability system was implemented in 2016 with the measures for schools from 2016 are: Attainment 8, Progress 8, Attainment in English and Maths (A*-C), and English Baccalaureate (EBacc) entry and achievement. The committee scrutinised the provisional results published by the DfE and noted that Oxfordshire performs less well when compared against its statistical neighbour group. However there continues to be variation in performance between localities and types of school within the county. The Didcot and Oxford localities show higher progress between key stages 2 and 4 than pupils with similar prior attainment nationally. Three localities, Bicester, Abingdon and Witney show that on average pupils make slightly less progress in these areas than pupils with the same prior attainment nationally. All three of these localities have lower attainment scores as well. Oxford city also shows low attainment from the low prior attaining cohort although high prior attaining pupils in Oxfordshire continue to perform well. The committee invited the principal of The Oxford Academy to the March 2017 meeting to hear first-hand what the school had put in place to reach the highest progress 8 results in the county.

Educational Attainment of Vulnerable Leaners

3.18. In the March 2017 meeting the focus will be on the progress of vulnerable learners with the case example of the Oxford Academy. Oxfordshire's performance compared with national levels is poor across all groups of vulnerable learners, including special educational needs, disadvantaged and looked after children. However, there are some success stories: the overall Progress 8 score for The Oxford Academy is considerably higher than other schools in Oxfordshire and the 14th highest of all secondary schools nationally.

Ofsted profile in Oxfordshire

3.19. In the meeting in July 2016 the committee noted that the proportion of primary schools and secondary schools judged as good/outstanding had increased for the 2015/16 academic year however the number of inadequate schools had increased by 1 to 7 and that in 2015 Ofsted decided that Oxfordshire was a local authority of concern regarding early years outcomes due to Ofsted ratings and children's outcomes. HMI had conducted a number of visits and the Early Years team had changed its practice which had resulted in early years settings improving their Ofsted ratings following support. Members expressed concern over the reduction in the school improvement function and possible effects on attainment, however the committee was assured that the schools strategic partnership board was tasked to ensure partners worked together so that statutory duties are met.

Exclusions

3.20. School exclusions were a focus in July and September 2016 meetings. The committee was concerned to note that permanent exclusions from primary schools and secondary schools had increased for the 2015/16 period although this is likely to be an underestimation as data from some secondary

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academies was not available due to technical problems in sharing details. The committee asked for a further analysis of data around year 10 as this has the highest number of permanent exclusions.

3.21. The subsequent report showed that the rate of permanent exclusion of pupils in year 10 had increased year on year for the last 3 years with a higher rate of girls than previously. The committee was also concerned about the high number of exclusions of looked after children. As a result of the committee scrutinising the data one particular school has been identified for further investigation with regard to their looked after children exclusions.

Elective Home Education

3.22. In December 2016 meeting the annual report for Elective Home Education was received and members have asked for more information to be gathered around the spike in home education that occurs in year 10 to ascertain the factors that might be contributing to the numbers increasing for this particular year group. The committee also expressed its concern about the unregulated nature of home education.

Pupil planning process

3.23. The pupil planning process was reported in December 2016. Oxfordshire is experiencing rapid growth due to changes in birth rates and new housing developments in the county and this is having a significant impact on the demand for, and supply of, school places.

3.24. The Education Scrutiny Committee considered a report that set out the pupil place planning process in Oxfordshire, summarising current pupil planning data, and commented on specific issues relating to pupil place planning. The committee considered that there is currently effective pupil place planning ensuring the needs of Oxfordshire families are met.

4.	**Health Overview and Scrutiny Committee**

4.1.   The Oxfordshire Joint Health Overview and Scrutiny Committee (OJHOSC) is a joint committee comprising 12 non-executive voting members (seven county councillors and five district/city councillors) and three co-opted non-voting members. During 2016/17 the Committee has been chaired by Councillor Yvonne Constance OBE.

4.2.   The primary role of the Committee is to:

- Review any matter relating to the planning, provision and operation of health services in Oxfordshire.
- Review and scrutinise services commissioned and provided by relevant NHS bodies and relevant health service providers.

4.3.   The Committee met five times in 2016/17 and held two special meetings to discuss specific issues.

4.4.   This report provides an overview of the Committee's activity since April 2016 and some of the key areas scrutinised by the Committee.

Transformation of Health and Care in Oxfordshire

4.5.   The plans to transform Oxfordshire's health and care system have been discussed at every meeting of the Committee in 2016/17. With the introduction of 44 Sustainability and Transformation Plan 'footprints' across the country in early 2016, these regular updates have also included information on the developing Buckinghamshire, Oxfordshire and Berkshire West Plan, and its relationship with the local Oxfordshire Health and Care Transformation Plan (OTP).

4.6.   Stuart Bell, Chief Executive of Oxford Health NHS Foundation Trust and Chairman of Oxfordshire's Transformation Board, and David Smith, Chief Executive of the Oxfordshire Clinical Commissioning Group (OCCG) attended meetings in June, September and November to describe the areas of emerging work in the OTP, expand on plans for public consultation and feedback messages from public engagement. Members emphasised the need for public consultation to be accessible and to describe what services were changing in each locality, so that communities would be able to understand the specific impacts on them.

4.7.   In November 2016, the OCCG put forward its plans to consult on the OTP proposals in two phases. OJHOSC made clear its concerns about this decision and stressed that a single consultation would be more coherent. However, OJHOSC had required at its meeting in September 2016 that the OCCG consult on changes to obstetrics at the Horton and the acute bed reconfiguration programme (involving the permanent closure of 194 acute beds) in January 2017. Phase 1 of the OTP consultation includes a full consultation on these changes; therefore the Committee agreed that the two phase consultation should go ahead, but with nothing in the first phase of

consultation prejudicing the second phase.

4.8. Following the start of the OTP Consultation Phase 1, the Committee met on 2 February 2017 to consider the adequacy of the consultation. OJHOSC explored the sufficiency of engagement with neighbouring areas, the reach of consultation events and involvement of key stakeholders such as the Ambulance Service. The Committee urged the OCCG to ensure that whatever was implemented as a result of Phase 1 was sufficiently robust and rooted in reality, so as to successfully integrate with Phase 2 proposals.

4.9. On 7 March 2017, the OJHOSC held a special meeting to formally scrutinise the content of proposals in Phase 1 and provide its response to the OCCG. Key stakeholders and members of the public were invited to submit their views and evidence to the meeting to inform the Committee's discussion. The Committee made clear its concerns about the inherent interdependencies of the two-phase consultation process; parking and access problems across hospital sites; the lack of focus on health inequalities; and the limited engagement with neighbouring areas. The Committee has formally stated these concerns in a letter to the OCCG and made a number of recommendations, to which the OCCG will be responding at a future meeting with the Committee.

Maternity services at the Horton General Hospital

4.10. In September 2016 the Committee was informed that Oxford University Hospitals Trust (OUHT) was intending to temporarily close consultant-led maternity services at the Horton from 3rd October 2016, as they were unable to adequately staff the obstetrics unit in a safe and sustainable manner.

4.11. The Committee listened to a wealth of public opinion about the impact of the temporary closure and scrutinised the Trust's contingency plan for continuing Maternity and Neonatal services at the Horton during two meetings in September 2016. Members examined evidence of the Trust's recruitment efforts; records of engagement with patients and staff; the reasons for declining birth numbers at the Hospital; and the issue of travel times between the Horton and the JR in Oxford in relation to the safety of mothers being transported in labour.

4.12. On the strength of the Trust's action plan to recruit Trust-grade doctors to reopen the unit in March 2017, the Committee agreed in September not to refer the matter to the Secretary of State. This was on the basis that satisfactory reasons had been provided for invoking an urgent temporary closure of consultant-led maternity services at the Horton without consultation.

4.13. However, the Trust's December performance update on maternity services at the Horton stated that they would not have enough experienced and skilled medical staff in post to reopen the unit in March 2017 as planned. As such, the Committee felt that the material grounds for not referring the matter had changed and voted to refer the matter to the Secretary of State for review at its meeting on 2 February 2017.

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4.14. The outcome of the referral is yet to be confirmed.

Pressures on Primary Care

4.15. The sustainability of primary care services and OCCG's actions to support vulnerable GP practices has been an ongoing area of scrutiny for the OJHOSC. The capacity, availability and future development of general practice has been a particular area of concern for members, in light of a greater focus on the preventative role of primary care in the OTP and the OCCG's proposals to move more care from acute hospitals into the community. In November 2016, the OJHOSC discussed the pressures on primary care services and scrutinised the OCCG's approach to tackling rising demand and complexity of patient need, the difficulties of recruiting and retaining staff, and the sustainability of GP practices in light of rising costs.

4.16. The Committee's concerns were brought into sharp focus through its examination of the OCCG's decision not to re-procure general practice services at Deer Park Medical Centre, Witney. In this case the Committee's toolkit process was followed, which included an assessment of the impact of closing the surgery on patients and the local area, and the level of public engagement and consultation that had taken place.

4.17. The matter was formally considered by OJHOSC on 2 February 2017, but agreement with the OCCG could not be reached on whether the change in service was substantial and required consultation. Members resolved to refer the matter to the Secretary of State on the grounds that inadequate consultation had taken place with the public and patients at Deer Park Medical Centre and the decision was not in the interests of residents and patients in the Witney area.

4.18. The Committee has since been informed that the Secretary of State for Health has passed the matter to the Independent Reconfiguration Panel (IRP) for initial assessment and is urging patients to register with other practices in the meantime. No directions have been issued to the OCCG, but the Secretary of State has advised the OCCG not to take any action that would prevent the resumption or recommissioning of services at, on or near to the Medical Centre until the outcome of the IRP's review is known.

Forward Plan

4.19. To highlight areas for future scrutiny the Chairman and Committee members met with and visited a range of health and care providers and commissioners in Oxfordshire during 2016/17. This included two visits to OUHT's Discharge Liaison Hub based at the John Radcliffe Hospital. Member's saw how the discharge of patients with complex needs is coordinated and managed by a multi-disciplinary team, bringing together nurses, discharge planners, adult social care staff, therapy staff, consultant geriatricians and senior physicians. These meetings and visits provide a means to raise awareness of scrutiny processes and develop good relationships with key stakeholders.

4.20. Over the course of the next year the Committee will continue to scrutinise planned changes in the provision of healthcare in Oxfordshire, the

performance and quality of services, and the patient experience. In particular, OJHOSC will look to robustly challenge the Health and Care Transformation Plans to ensure that patient and public views are taken into account and the proposals put forward are in the best interests of Oxfordshire residents.

4.21. Beyond this, the Committee also plans to discuss the system-wide response to recommendations from the Oxfordshire Health Inequalities Commission, examine joint work to support people with dementia, and scrutinise the quality of care provided in care homes.

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 are currently no CAGs in operation. The Income Generation CAG was closed in December 2016 and the Minerals & Waste CAG reached its conclusion in January 2017, but the possibility of it being reinstated remains - if required in the future. 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 the chairmanship of Cllr Lawrie Stratford in response to the need for the council to cope with increasing budget pressures.

5.4. The CAG met approximately monthly and reviewed and assessed a number of options for income generation including

- Reviewing existing services that are currently charged for and opportunities for increasing these charges.
- Investigating discretionary services that are not currently charged for where we may want to introduce charges.
- Considering opportunities for generating income from property.

5.5. The CAG has explored the following matters related to income generation.

Property

- The CAG reviewed the council's database of property information via an interactive property dashboard, Tableau. The data is now available on the Intranet and was trialed by members of CAG before being made more widely available.
- The CAG examined the council's disposals programme; it reviewed sites released over the last three years, sites due for release, and sites identified for potential release over the next 3-5 years, including estimates as to how much capital/revenue could potentially be generated.
- The CAG reviewed the council's Strategic Property Asset Management Plan and sought assurance from officers that future updates would include the option to explore opportunities for income generation relating to surplus property rather than solely seeking a capital receipt on disposal.
- The CAG discussed potential for expanding the council's existing portfolio to include options such as an 'investment portfolio' approach and owning a property investment company.
- The CAG reviewed the Council's Office Strategy and the options for office use across the county. The Office Strategy will be kept under review

alongside the emerging Transformation Programme to ensure it is aligned with our emerging workforce strategy.

Review of Fees and Charges

- The level of fees and charges for the services the Council provides are reviewed annually as part of the Service & Resource Planning process.
- The CAG undertook a comprehensive review and challenge of the proposed fees and charges for 2017/18 in order to maximise income potential. The expectation was that charges will increase by a minimum of 4% (or more where the market allows). This resulted in a number of fees and charges being increased to a higher rate than originally planned. The CAG's recommendations on the fees and charges were agreed by the Cabinet on 24 January 2017 as part of the Cabinet's proposed budget.

Workplace Charging and Congestion Charging

- The Oxfordshire Local Transport Plan (adopted in July 2016) includes proposals to manage car traffic levels in Oxford and the introduction of a workplace parking levy. The CAG discussed both workplace parking and congestion charging options in Oxfordshire and had presentations from officers on both options on a number of occasions. It was recognised that although this would generate income, the reasons for introducing any charge would be for transport and environmental reasons and both options need to be explored fully.
- The CAG considered a number of policy areas, provided challenge to officers developing policies and pushed for creative approaches to maximise income for the council. Its work reached a natural conclusion as the strategies it informed are being taken forward. The Cabinet endorsed the work of the Group and agreed to disband the group in December 2016.

Minerals and Waste CAG

5.6   The CAG has met twice this year, firstly in October 2016 and then again in January 2017. It had not met previously since October 2014 at which time it had considered a draft of the Local Aggregate Assessment and a revised draft of the draft Minerals & Waste Core Strategy (Part 1 of the Oxfordshire Minerals & Waste Local Plan).

5.7   The meeting in October 2016 was convened to consider the Interim report of the Inspector who had presided over the Examination Hearings for the submitted Core Strategy in the autumn of that year. The CAG was informed that the Inspector had been broadly supportive of the plan, including its proposed figures for minerals production, but had nonetheless identified the need for some modifications to be made and additional work on the accompanying Sustainability Appraisal. The meeting of the CAG in January 2017 duly considered the additional work which the Inspector had asked to be carried out, prior to consideration and agreement of the same material, for public consultation, at Cabinet later the same month.

5.8   No further meetings of the CAG are currently planned and the Core Strategy is expected to be adopted in the summer or early autumn of 2017.

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6.	Conclusion

6.1.   Challenges and opportunities remain ahead for Oxfordshire County Council in 2017/18. Budget pressures will be an ongoing challenge, and it is possible the structure of local government in Oxfordshire could radically change if current proposals for a unitary council enter the initial stages of implementation.

6.2.   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. For these reasons, the role of scrutiny will be even more important in providing robust, challenging and effective scrutiny.

6.3.   Oxfordshire County Council will contribute to, and learn from, a Parliamentary Select Committee inquiry into local authority scrutiny functions. The inquiry, launched by the Communities and Local Government Committee in January 2017, will "consider whether overview and scrutiny arrangements in England are working effectively and whether local communities are able to contribute to and monitor the work of their councils."

6.4.   Following last year's scrutiny annual report, the audit and governance committee requested the Leader, in consultation with the other political groups, consider whether a scrutiny committee should be established specifically either for adult social care, or social care in general.

6.5.   The consensus following this discussion was that changes should not be made in advance of significant other changes, and the county council election - but that the appropriate form of scrutiny should be looked at in the new council, following implementation of the senior management review, and clarity on the unitary process.

6.6.   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.

6.7.   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 Brighouse OBE (Chairman)
Councillor Janet Godden (Deputy Chairman)
Councillor Sam Coates
Councillor Yvonne Constance OBE
Councillor Mark Gray
Councillor Patrick Greene
Councillor Jenny Hannaby
Councillor Steve Harrod (Stepped down on 13 December 2016)
Councillor Stewart Lilly
Councillor Sandy Lovatt (Appointed on 13 December 2016)
Councillor Charles Mathew
Councillor John Sanders

Education Scrutiny Committee
Councillor Mark Gray (Chairman)
Councillor Gill Sanders (Deputy Chairman)
Councillor Kevin Bulmer
Councillor John Christie
Councillor John Howson
Councillor Richard Langridge
Councillor Sandy Lovatt
Councillor Michael Waine

Education Scrutiny Co-Optees
Mrs Sue Matthew
Mr Richard Brown

Education Scrutiny Non-Voting Members
Ian Jones
Carole Thomson

Health Overview and Scrutiny Committee (HOSC)
Councillor Yvonne Constance OBE (Chairman)
District Councillor Nigel Champken-Woods (Deputy Chairman)
Councillor Kevin Bulmer
Councillor Surinder Dhesi
Councillor Tim Hallchurch MBE
Councillor Laura Price
Councillor Alison Rooke
Councillor Les Sibley
District Councillor Jane Doughty
District Councillor Monica Lovatt
District Councillor Andrew McHugh
District Councillor Susanna Pressel

HOSC Co-Optees
Moria Logie
Dr Keith Ruddle
Anne Wilkinson

Annex 2: Cabinet Advisory Group Membership

Income Generation Cabinet Advisory Group
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

Minerals and Waste Cabinet Advisory Group
Councillor David Nimmo-Smith (Chairman)
Councillor Anne Purse (Vice-Chairman)
Councillor Steve Curran
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 Tanner

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Oxfordshire County Council

Audit and Governance Committee

Progress Report

April 2017

EY

Building a better
working world

Audit and Governance Committee   26 April 2017
Oxfordshire County Council
County Hall
New Road
Oxford
OX1 1ND

Dear Committee Member

Audit Progress Report

We are pleased to attach our Audit Progress Report. Its purpose is to provide the Committee with an overview of the progress that we have made with the work that we need to complete during the 2016/17 audit. This report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations. We will bring a progress report to each Committee except for those where we will bring the Audit Plan or the Audit Results Report.

Our audit is undertaken 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.

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

Yours faithfully

Paul King
Executive Director
For and behalf of Ernst & Young LLP

Contents

EY | i

2016/17 audit

Audit Plan

We presented our 2016/17 Audit Plan to the Audit and Governance Committee in January 2017. We will keep the plan under review and will inform you of any changes to our risk assessments and planned work.

Meetings and progress to date

We continue to have regular meetings with key officers as part of our ongoing audit process.

These have proved beneficial as we have developed our understanding of the financial processes discussed a number of areas of the statements and have already selected our samples for substantive testing of income and expenditure transactions for the first 9 months of the financial year and started testing them.

Our interim reviews have not identified any issues we wish to bring to your attention.

Our IT audit specialists have reviewed controls over the main financial systems run by the IBC and have concluded that we can rely on them subject to completion of year end testing.

We have started our work assessing manual and IT controls in the Adult Social Care system. We have tested the design procedures and have concluded they are effective and are in the process of testing our operating effectiveness.

Given the positive results from our IT work we are able to start relying on controls rather than taking a wholly substantive approach.

If both of these pieces of work allow us to rely on controls then we will need to undertake less substantive testing than we carried out in 2015/16.

We are also in the process of completing early final accounts work on:

- changes to the way that the information in the Comprehensive Income & Expenditure Statement is presented;
- reviewing going concern;
- exit packages;
- Property Plant and Equipment (PPE) additions and disposals; and
- PPE existence testing.

We have completed our initial work on the LOBO objection and confidentially discussed our draft findings with officers and anticipate sharing our provisional views shortly.

Audit and Governance Committee

If members of the Audit and Governance Committee have any particular issues they want to discuss with us we would be pleased to discuss these with you.

Timetable

We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2016/17 Audit and Governance Committee cycle.

Audit phase	Timetable	Audit & Governance Committee timetable	Deliverables
High level planning	**April 2016**	**April 2016**	Audit Fee Letter
Risk assessment and setting of scopes	**December 2016**	**January 2017**	Audit Plan
Testing routine processes and controls	**January 2017 and March 2017**	**March 2017**	Progress Report
Year-end audit	**July 2017**		
Completion of audit	**August 2017**	**September 2017**	Report to those charged with governance via the Audit Results Report
			Audit report (including our opinion on the financial statements; and our value for money conclusion).
			Audit completion certificate
			Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	**October 2017**	**November 2017**	Annual Audit Letter

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE – 26 APRIL 2017

OXFORDSHIRE FIRE AND RESCUE SERVICE
STATEMENT OF ASSURANCE 2016/17

Report by the Chief Fire Officer

Introduction

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

2.   To demonstrate this, the Framework requires that each authority must publish an annual statement of assurance. The Statement of Assurance 2016/17 document is intended to meet the obligation to produce this statement through reference to public webpages, existing reports and documents.

Report format

3.   The report was prepared following the Department for Communities and Local Government guidance on statements of assurance for fire and rescue authorities in England. The structure of the report was based on guidance contained in Chief Fire Officers Association (CFOA) Circular 2013-10 appendix - draft table of contents statement of assurance.

Publication

4.   The statement of assurance is intended to be published on the public website only, it is not intended to produce hard copy versions. The OCC Annual Governance Statement 2016/17 makes reference to the statement of assurance and provides a link to the web address.

5.   The statement of assurance should be signed on behalf of Oxfordshire County Council by Councillor Rodney Rose, Cabinet Member with responsibility for the fire and rescue service.

RECOMMENDATION

6.   **The Committee is RECOMMENDED to approve the report.**

SIMON FURLONG
Chief Fire Officer

Background papers:none

Contact Officer: Richard Smith, Organisational Assurance Manager, Fire and Rescue Service (01865) 855216

Oxfordshire County Council Fire and Rescue Service

Statement of Assurance 2016-17

Securing a safer Oxfordshire

OXFORDSHIRE
FIRE & RESCUE SERVICE

OXFORDSHIRE
COUNTY COUNCIL

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OXFORDSHIRE
COUNTY COUNCIL

Welcome and foreword

Councillor
Rodney Rose
Cabinet member for
the fire and rescue
service

Chief Fire Officer
Simon Furlong

Welcome to Oxfordshire Fire and Rescue Service's Statement of Assurance. As the Cabinet Member and Chief Fire Officer for Oxfordshire we are pleased to present this statement for our local communities to demonstrate how we meet the requirements of The Fire and Rescue National Framework for England.

The national framework requires us to provide an annual statement of assurance on financial, governance and operational matters and to show how we have due regard to our Community Risk Management Plans (CRMP). In 2017 we published our new CRMP to meet the challenges of 2017-22.

During 2016 we also launched our new 2016-22 365alive vision; 'Working together, every day, to save and improve the lives of people across Oxfordshire'. The 365alive vision was designed to ensure we are contributing towards the strategic ambition of a 'Thriving Oxfordshire' by ensuring all our activities align with the priorities of the Oxfordshire County Council Corporate Plan.

We ensure that our proactive approach, focussed on preventative activities, leads to a safer and healthier Oxfordshire. Our programme of collaboration, across the three Thames Valley fire and rescue services enables better integration and response to the public which focuses on delivering more effective, efficient service that is transparent and accountable to our communities.

In order to provide assurance and continue on our improvement journey which we commenced an Operational Assessment and fire peer challenge in 2016. This process comprises of a self-assessment and external peer challenge and is designed to allow a "whole system" look at how we lead, prioritise and deliver the interrelated functions of prevention, protection, preparedness and response.

We are extremely proud of what we have achieved during 2016-17. Our personnel are our most important resource and it is through them, with the support of our county councillors and our partner agencies that we will continue to be a cost effective, well governed organisation with transformational leadership.

CUSTOMER SERVICE EXCELLENCE

INVESTOR IN PEOPLE

Local Government
Equality & Diversity

OXFORDSHIRE COUNTY COUNCIL

Communities we serve

Our community

Oxfordshire is home to around 672,500 people many of whom live in rural towns and villages. The population is increasing and is forecast to rise to 754,000 residents by 2026. This is because the number of births is forecast to exceed the number of deaths by 36,000, life expectancy is increasing and 52,000 more people are forecast to move into Oxfordshire than to move out. The largest rises are expected within the older population group.

Our natural environment

Despite the forecast population increases, Oxfordshire remains the most rural county in the south east as well as being a popular visitor destination renowned for its rural beauty covering 260,595 hectares. The provision of a fleet of 4x4 response vehicles and partnership work through the Local Resilience Forum (LRF) and the Emergency Planning Team (EP) assists us to manage risks in rural locations and during periods of adverse weather.

Our built environment

Oxfordshire has significant plans for future economic and housing growth, with a focus on the Local Enterprise Partnership Hubs; the Science Vale UK Area (a Local Enterprise Zone), Bicester and Oxford City. There will be significant developments at other locations including Banbury, Carterton and Wantage.

We have an ongoing project in the west of the county with the aim of addressing identified low response standards. Research highlighted the benefit of providing a new community fire station in Carterton. A site has been agreed by the county council. Our priority is to provide a competent and safe workforce within the Carterton area and as a result we are developing and will implement a workforce development plan to ensure that we have a competent fire crew in place by the end of 2018.

Our heritage

Oxfordshire has over 12,000 listed buildings, including many sites of importance to the country's national heritage. The city of Oxford is internationally famous for its hotels, university and college buildings. Blenheim Palace heads a list of nationally important stately homes and is one of 390 Grade I listed buildings in the county. We will continue to work with owners and occupiers to ensure plans, risks, training and information is reviewed to safeguard our heritage.

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COUNTY COUNCIL

The risks we face

The CRMP is Oxfordshire County Council Fire and Rescue Service's (OFRS) analysis of the county's community risk profile, together with our strategic approach of how we intend to effectively manage those risks over the period.

The Fire and Rescue National Framework for England (the framework) requires us to produce an Integrated Risk Management Plan (IRMP), known as the CRMP, that identifies, assesses and addresses foreseeable fire and rescue related risk that could affect its community, including those of a cross border, multi authority and / or national nature. The new strategic CRMP 2017-22 and Action Plan 2017-18 was consulted on from the 10 October 2016 to 9 January 2017. This was approved by Cabinet on the 14 March 2017.

The CRMP action plans sets out a number of priorities and projects to ensure that residents and businesses are safer, whilst at the same time delivering an efficient and effective emergency response when necessary.

- National Framework Document Published July 2012
- Community Risk Management Plans and Action Plans

Social risk

People in Oxfordshire are living longer. The number of people aged 75 and over is projected to grow by 66 per cent between 2011 and 2026. Historical data shows that older people are at a greater risk from suffering serious injuries or death from accidental fires.

Our Home and Community Safety Department, through partnership working, will continue to target the people most at risk through safe and well-being checks and education. To support our intelligence, community population profiles will be created and correlated to incidents to focus our activities.

Environmental risk

Oxfordshire has many waterways, which have associated risks of flooding and drowning. We have firefighters trained to rescue people from both moving and still water, including faster moving 'white water'. They will also respond to national emergencies resulting from large-scale flooding.

Our firefighters identify potential areas of danger on our waterways and develop procedures to ensure they can respond both quickly and effectively when an emergency occurs. All front line appliances carry water rescue equipment and the recue tender has a boat for river incidents.

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COUNTY COUNCIL

Economic risk

Unemployment in Oxfordshire remains significantly below the average for England. The county is a global seat of education, learning and research, a centre of engineering and scientific excellence, a world leader in automotive and advanced manufacturing, publishing, health care and life sciences and an iconic tourist destination.

This includes a number of nationally and internationally recognised businesses such as, BMW Mini, Oxford Instruments, the Williams and Renault Formula One Teams, the city's two universities and a number of important military establishments. Our operational and fire protection teams work with businesses to plan for emergencies and carry out fire protection enforcement and advice.

Risks beyond our borders

Over the border mutual aid arrangements

Through sections 13 and 16 of the Fire and Rescue Services Act 2004 OFRS has set up reinforcement schemes for securing mutual assistance with Berkshire, Buckinghamshire & Milton Keynes, Gloucestershire, Northamptonshire, Warwickshire and Wiltshire Fire and Rescue Service Authorities to provide and utilise resources such as fire engines.

Plans are also in place, through the National Resilience Advisory Team (NRAT), to provide specialist appliances and crews for mass decontamination, urban search and rescue, water and high volume pumping, hazardous chemical analysis and command and control across England and Wales.

Tactical Operational Guidance

OFRS have been engaged in the National Fire and Rescue Service Collaborative Partnership Programme to promote a common approach when working across borders. In 2015 we opened a new joint fire control with two of our neighbouring fire and rescue services, Royal Berkshire and Buckinghamshire & Milton Keynes, known as the Thames Valley Fire Control Service.

We have a team responsible for developing Tactical Operational Guidance (TOG) documents. This information is carried on fire engines and accessed via on-board computers known as Mobile Data Terminals. It enables all operational staff to access the most up to date guidance and information at the scene of an emergency with neighbouring authorities working to the same procedures. During 2017-18 we will implement the National Operational Guidance (NOG), which will replace TOG's.

The National Joint Emergency Services Interoperability Project (JESIP) has also been formed to enhance joint working further across blue light services and collaborate where possible. This also captures lessons learnt from incidents.

OXFORDSHIRE
COUNTY COUNCIL

Overview of fire and rescue service

Overview of our structure

OFRS is governed by the Strategic Leadership Team (SLT) whose full members are listed below. Full SLT meetings are held monthly with fortnightly meetings to discuss specific issues. SLT reports to County Leadership Team (CLT).

- Chief Fire Officer Simon Furlong (Director for Community Safety)
- Assistant Chief Fire Officer — Grahame Mitchell
- Assistant Chief Fire Officer — Rob MacDougall
- Area Manager Operations and Resilience — Mat Carlile
- Area Manager Strategic Policy – David Heycock
- Community Risk Management — Richard Webb
- Human Resources Business Partner — Kim Terry
- Finance Business Partner — Kathy Wilcox.

Strategic Leadership Team

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Our people

At the end of March 2017 there were a total of 230 whole-time firefighters and 73 support staff. We also had 317 people working as on-call firefighters in Oxfordshire's local communities.

Our resources

There are currently 24 fire stations in Oxfordshire, which are staffed by whole-time and on-call firefighters. They offer safety advice, education and a response to emergencies calls.

We have a front line fleet of 34 fire engines, plus a resilience appliance and a number of specialist vehicles to support large or complex incidents. These include an aerial ladder platform and a specialist technical rescue vehicle that attends road traffic collisions and specialist rescues.

Our other specialist vehicles are provided for incident support, incident command, bulk water supplies, environmental protection and firefighter decontamination following incidents involving hazardous materials. As part of a national response strategy we also have a specialist vehicle for detecting and identifying hazardous materials and high volume pumping units. Two Light Response Vehicles are being trialled in the fleet as an effective alternative to the traditional larger fire engine.

OXFORDSHIRE
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Going forward: Our 365alive 2016-22 vision

Our six core strategies are designed to contribute towards our new 365alive vision; 'Working together, every day, to save and improve the lives of people across Oxfordshire'. The fire and rescue vision is supported by the whole of community safety including; Trading Standards, Emergency Planning Unit, Commercial Training Service and Gypsy and Travellers Service.

This 365alive vision has been designed to ensure we are contributing towards the strategic ambition of a 'Thriving Oxfordshire' as detailed in the Oxfordshire County Council Corporate Plan and we will make sure all our activities align with the strategic priorities of the plan.

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                    ┌──────────────────┐
                    │   A Thriving     │
                    │   Oxfordshire    │
                    └──────────────────┘
         ┌───────────────┬──────────────────┐
┌────────────────┐ ┌──────────────┐ ┌────────────────┐
│   A Thriving   │ │ Protection of│ │ Efficient Public│
│    Economy     │ │ the Vulnerable│ │    Services    │
└────────────────┘ └──────────────┘ └────────────────┘
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The new 365alive vision describes the strategic outputs that we aim to achieve by 2022:

- 6,000 more people will be alive because of our prevention, protection and emergency response activities. This supports the OCC strategic Priority: Efficient public services.
- 85,000 children and young adults better educated to lead safer and healthier lives. This supports the OCC strategic Priority: Protection for vulnerable people.
- 37,500 vulnerable children and adults helped to lead more secure and independent lives supported by safe and well-being visits. This supports the OCC strategic Priority: Protection for vulnerable people.
- 20,000 businesses given advice and support to grow. This supports the OCC strategic Priority: A thriving economy.
- We have set a social media reach target of 1.6 million interactions across various social media platforms. This supports the OCC strategic Priority: Protection for vulnerable people.

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PREVENTION, PROTECTION & EMERGENCY RESPONSE	EDUCATION	VULNERABLE / LOOKED AFTER CHILDREN & ADULTS	BUSINESSES
6,000 more people alive as a result of our prevention, protection and emergency response activities.	85,000 children and young adults (to include looked after children) to be better educated to lead safer and healthier lives.	37,500 vulnerable children and adults helped to lead more secure and independent lives supported by safe and well-being visits.	20,000 businesses given advice and support to grow.

1.6 Million
Safety Messages

365alive website

Our operational strategies are based on the delivery of our prevention, protection and operational response functions. These are supported by the organisational development strategy, the asset management strategy and the financial plan.

Our key strategic documents are shown in the following diagram:

OXFORDSHIRE COUNTY COUNCIL

Key strategic documents

1 Departmental & Station Plans

These plans are specific to functional departments and communities. They detail what we will do and how we will make sure it gets done.

2 Strategic Documents

Our strategic documents set out our intentions to develop and improve all areas of the service

PREVENTION, PROTECTION	RESPONSE, RESILIENCE
ORGANISATIONAL DEVELOPMENT	ASSET MANAGEMENT
COMMUNICATION STRATEGY	FINANCIAL PLAN

4 365alive: Our Strategic Aims & Targets

PREVENTION, PROTECTION & EMERGENCY RESPONSE	EDUCATION	VULNERABLE / LOOKED AFTER CHILDREN & ADULTS	BUSINESSES
6,000 more people alive as a result of our prevention, protection and emergency response activities.	85,000 children and young adults (to include looked after children) to be better educated to lead safer and healthier lives.	37,500 vulnerable children and adults helped to lead more secure and independent lives supported by safe and well-being visits.	20,000 businesses given advice and support to grow.

1.6 Million
Safety Messages

3 Community Risk Management Planning

This identifies the risks to our communities. It states how we can provide an efficient service that reduces these risks and deals with emergencies.

Community Risk Management Plan 2017-22	Community Risk Management Annual Action Plans

OUR PURPOSE

Working every day to save and improve lives of people across Oxfordshire.

Our Performance Pledge
This document tells the community what level of performance and service they should expect from us.

Oxfordshire County Council Ambition - A Thriving Oxfordshire
• A thriving economy
• Protection of the vulnerable
• Efficient public services

OXFORDSHIRE COUNTY COUNCIL

Our values

OFRS fully supports the underpinning values of the county council, as well as those agreed nationally by the Chief Fire Officers Association, the Fire Brigades Union, UNISON and a number of other fire and rescue services. These combined values provide a central focus on the standards and principles we expect our employees to promote, uphold and maintain.

We value service to the community by:

- focusing on our customers' needs
- working with all groups to reduce risks
- treating everyone fairly and with respect
- being accountable to those we serve
- striving for excellence in all

We value diversity in the Service and community by:

- treating everyone with dignity and respect
- providing varying solutions for different needs and expectations
- promoting equality of opportunity in employment and progression within the

We value each other by practising and promoting:

- fairness and respect
- recognition of merit
- honesty, integrity and mutual trust
- personal development
- 'can-do' attitude, co-operative and inclusive working
- one-team approach.

We value improvement at all levels of the Service by:

- taking responsibility for our performance
- promoting and supporting innovation
- embedding efficiency and effectiveness in all we do
- being open-minded
- responding positively to

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Our challenges and priorities during 2016-17

Our CRMP has formed part of our approach to mitigate risk within Oxfordshire through prevention, protection and intervention strategies. During 2016-17 we successfully completed our project to trial emergency cover review recommendations in the Carterton area.

Our other major projects undertaken during 2016, which are still on-going, are:

- Emergency Services Mobile Communications Programme (ESMCP) – This is a Home Office led national project, for the replacement of the Airwave/Firelink network.

- Thames Valley Collaboration- The aim of this project is to procure and implement a common fire appliance across Oxfordshire, Buckinghamshire & Milton Keynes and Royal Berkshire Fire and Rescue Services.

- Carterton Community Safety Centre - We have an ongoing project in the west of the county with the aim of improving response standards by providing a new community fire station in Carterton. Our priority is to provide a competent and safe workforce within the Carterton area and as a result we are developing and will implement a workforce development plan to ensure that we have a competent fire crew in place by the end of 2018.

Going forward in 2017-18

The Home Office has set out a Fire Reform Programme that will provide transformation of fire and rescue services to:

- Deliver efficiencies and savings.
- Introduce a new rigorous and independent inspection regime system.
- Challenge services to transform the diversity of a firefighter workforce.
- Publish comparative procurement data from every fire and rescue authority in England and to encourage services to pool their purchasing power and buy collectively.
- Legislation to give Police and Crime Commissioners the ability to take on responsibility for fire and rescue services, through the Police and Crime Act 2017.
- Legal duty to collaborate with emergency services.

The Chief Fire Officers from all Thames Valley FRS's have decided that a more focused programme of collaboration, across the three organisations, will enable better integration and response to the public. It was recognised that there is considerable work going on within each service and that capacity and workload is a

OXFORDSHIRE
COUNTY COUNCIL

significant factor to all of our management teams. As such an agreed number of key work streams are being proposed.

These projects will be:

- Thames Valley Fire Control – We shall be focusing on having one mobilising policy, this will enable staff in the control room to streamline their responses and free up time and effort to ensure that the community gets the best possible response.

- Fire Protection – The services will work together to produce one fire protection policy, succession plan and one way of working, providing consistency and opportunities for staff across the Thames Valley.

- Procurement – We shall be concentrating on getting one procurement timetable and looking to buy the same equipment and appliances in all of our respective authorities.

- Risk Modelling – We will work together to develop one risk modelling methodology, this will enable a consistent way of assessing risk whilst still allowing risk appetite to be defined locally.

- Workforce reform – The Services will work together on workforce reform, learning from each other and sharing best practice to enable our staff to have the best possible opportunities and also enable our staff to shape the future of our service.

- Blue light collaboration – The work going on with SCAS and TVP needs to be accelerated and highlighted to enable the community to get the best possible service.

Chief Fire Officer's statement on equality and diversity

OFRS recognise that all individuals have fundamental human rights and, therefore, adopts a rights-based approach to equality.

Practices will be developed that promote the right for everyone to participate in all aspects of life by promoting initiatives that remove barriers to participation and by actively promoting equality and social inclusion.

We will have due regard to the need to eliminate unlawful discrimination, harassment and victimisation and other unacceptable conduct, to promote equality of opportunity and to promote good relations between all persons with respect to their disability,

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sex, race, religion or belief, sexual orientation, transgender status or gender reassignment, age, marital status and pregnancy or maternity.

We seek to develop and provide relevant, appropriate and accessible services that meet the needs of our diverse population. The service will eliminate unlawful or otherwise unjustifiable discrimination and promote equality in the provision of our services. As an employer we value the contribution that every employee makes and respect individual differences, utilising the diversity of our workforce as a positive benefit.

Chief Fire Officer Simon Furlong

The service fully supports the OCC Equality Policy and its objectives and publishes case studies to demonstrate how these objectives are met.

- [Equality and inclusion case studies](#)

Governance arrangements

OFRS is an integral part of Oxfordshire County Council (OCC), who are responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

OCC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

OCC has approved and adopted a code of corporate governance that is consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government'.

The OCC Annual Governance Statement enables the fire and rescue service to demonstrate that it has fulfilled its obligations under the framework. Full details can be found in the OCC Annual Governance Statement, which is included in our 'Statement of Accounts' publication at the end of the document.

- [Annual accounts and audit](#)

General arrangements for ensuring effectiveness of the system of Internal Control is governed by the Corporate Governance Framework, which sets out the Council's approach to corporate governance.

- [Corporate Governance Assurance Framework](#)

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The OCC Monitoring Officer has a statutory responsibility for ensuring the Council complies with its legal requirements and conducts its business properly. This is achieved through the following:

- Corporate Governance Assurance Group (CGAG): Co-ordinates preparation of the Annual Governance Statement and, therefore, receives corporate lead assessments as well as identification of areas of improvement on the internal control environment.

- Corporate Governance Policies: The Monitoring Officer has delegated authority to approve and amend operational policies and procedures relating to corporate governance, if necessary in consultation with the Leader and Deputy Leader of the Council.

- County Leadership Team (CLT): Provides the strategic oversight of the work of the Council and reviews the work of Cabinet by scrutinising the Forward Plan and raising any issues of concern. The Monitoring Officer sits as a designated Officer on CLT to advise and assist in relation to policies and strategies in compliance with legal requirements.

- Audit Working Group and Audit & Governance Committee: The Monitoring Officer reports to this Committee with regards to compliance of corporate governance policies, including Members register of interests.

Your fire and rescue authority

OCC is a county authority and is the fire authority for Oxfordshire represented by a full council with all members. All the key decisions are made by cabinet members, meeting either jointly as the cabinet or as individual cabinet members, taking delegated decisions within their own responsibilities.

Councillor Rodney Rose, Deputy Leader of the Council, has responsibility for:

- Fire and rescue
- Fire control
- Trading standards
- Emergency planning
- Flooding
- Internal management
- HR and industrial relations
- Strategic rail
- Policy co-ordination
- Equalities
- Localities

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- Community cohesion
- Voluntary & Community Sector.

The performance of the fire and rescue service is overseen by the Performance Scrutiny Committee and the Audit and Governance Committee. Cabinet meetings are held once a month and are attended by all cabinet members. The cabinet is also responsible for preparing the budget and policies to propose to the full council. The scrutiny committees provide advice to the cabinet on major policy issues and may review its decisions.

Details of how the community can attend meetings and access agendas and reports can be found at:
- [Meetings and decisions web page](#)

Our legal responsibilities

Responsibilities under the Fire and Rescue Services Act 2004

The Fire and Rescue Services Act 2004 sets out the duties and powers of fire and rescue authorities. Under the Act, the Fire Authority has a number of core functions:

- Fire safety: Promoting fire safety, including the provision of information and publicity on steps to be taken to prevent fires. Giving of advice on how to prevent fires and on the means of escape from buildings in case of fire.

- Firefighting: Extinguishing fires and protecting life and property in the event of fires.

- To respond to and rescue people from road traffic collisions (RTCs) and protecting people from serious harm in the event of RTCs.

- Emergencies: When necessary deal with emergencies other than fires and road traffic accidents.

We address these core functions in the CRMP, which identifies and assesses foreseeable fire and rescue related risks that could affect our community. Action plans are produced based on the CRMP that set out a number of priorities.

- [The Fire and Rescue Service Act 2004](#)
- [Community Risk Management Plans and Action Plans](#)

Responsibilities under the Civil Contingencies Act 2004

The Civil Contingencies Act 2004 (CCA) places certain duties on all Category 1 Responders as defined by the Act, including OFRS. One of these duties is the formation of the Thames Valley Local Resilience Forum (TVLRF).

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The purpose of this forum is to ensure that there is an appropriate level of preparedness to enable an effective multi agency response to emergencies that may have a significant impact on the communities OFRS serve.

TVLRF is a partnership consisting of representatives from police, local authorities, fire, ambulance, environment agency, health and the military as well as utility and transport companies.

The Act requires Category 1 Responders to maintain the plans for preventing emergencies; reducing, controlling or mitigating the effects of emergencies; and taking other action in the event of emergencies. Provide advice and assistance to businesses and voluntary organisations regarding business continuity management.

These plans are drawn from risk assessments and have regard for the arrangements to warn, inform and advise the public at the time of an emergency. The Emergency Planning Unit, which is part of OFRS, has overall responsibility and is key to helping the council meet these duties.

- Civil Contingencies Act 2004
- Thames Valley Local Resilience Forum website

Responsibilities under the Fire and Rescue Services (Emergencies) (England) Order 2007

The Fire & Rescue Services (Emergencies) (England) Order 2007 instructs fire authorities to make provision for:

- Decontamination of people and to limit harm to the environment at chemical, biological, radiological or nuclear emergencies.

- The rescue of people at emergencies involving collapse of building, structures, incidents involving trains, trams or aircraft, and where resources are required beyond the scope of day to day operations.

- Personnel, services and training and make arrangements to carry out these above functions.

- Response to emergencies outside the fire authorities' area.

We make provision for these requirements through operational planning and procedures as part of our involvement with the National Resilience Programme.

Chief Fire Officers Association National Resilience (CNR) is the organisation that provides assurance to the Home Office that the National Resilience capabilities generated are able to meet the new threats to national stability. CNR provides operational assurance at the strategic level.

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- [Fire resilience website](#)
- [The Fire & Rescue Services (Emergencies) (England) Order](#)

Responsibilities under the Regulatory Reform (Fire Safety) Order 2005

OFRS enforces general fire safety legislation on behalf of the county council. Other related legislation the authority enforces includes:

- The Dangerous Substances (Notification & Marking of Sites) Regulations 1990.

- The Health and Safety (Safety Signs and Signals) Regulations 1996.

- The Construction (Design and Management) Regulations 2015.

Our enforcement activities adhere to the principles of 'better regulation' contained in the Enforcement Concordat and Regulators Compliance Code and we aim to support business and other responsible persons through education and the provision of advice and guidance. Where it is absolutely necessary, we will take enforcement action and will only consider prosecution where it is in the public's best interest.

Full details of how we discharge are responsibilities under fire safety legislation can be found at:

- [Fire safety advice for businesses web page](#)

Responsibilities under the Health & Safety at Work etc. Act 1974 and the Management of Health & Safety at Work Regulations 1999

OFRS operates within the county council's management framework which incorporates the provisions of the Health & Safety at Work etc. Act 1974, the Management of Health & Safety at Work Regulations 1999 and the responsibility to provide, so far as is reasonably practicable, a safe and healthy working environment for all employees.

Our health and safety policy documents explain how we discharge our responsibilities under health and safety legislation.

We undertook a full external Royal Society for Prevention of Accidents (RoSPA) Quality Safety Audit (QSA) of our Health and Safety management systems in June 2014, achieving an 87 per cent score and completed a further internal audit in October 2015.

- [Audit reports | Oxfordshire County Council Intranet](#)
- [Fire and Rescue Service Health and Safety Policy Part 2](#)
- [Fire and Rescue Service Health and Safety Policy Part 3](#)

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Responsibilities under the Localism Act 2011

The Localism Act 2011 gives fire authorities powers of competence to:

- Carry out its functions so that it will be able to do anything they consider appropriate for purposes linked to their statutory responsibilities to help deliver innovative and more personalised services to their communities.

- Make charges for certain services. These powers enable both councils and fire and rescue authorities to act innovatively to generate efficiencies and secure value for money outcomes.

Full details of the of the Localism Act 2011 and community right to challenge and right to bid for community assets can be found at:

- [Community Rights and Localism Act web page](#)

The Fire and Rescue Service National Framework

The current Fire and Rescue National Framework for England published in 2012 sets out the government's priorities and objectives for fire and rescue authorities in England to:

- Identify and assess the full range of foreseeable fire and rescue related risks their areas face, make provision for prevention and protection activities and respond to incidents appropriately.

- Work in partnership with their communities and a wide range of partners locally and nationally to deliver their service.

- Be accountable to communities for the service they provide.

A gap analysis was undertaken to ensure that OFRS met the requirements of the framework document and an action plan has been completed.

- [National Framework Document Published July 2012](#)
- [National Framework Requirements Gap Analysis](#)

In July 2016 the Home Office reported on progress made by FRS's with the national framework and is satisfied that all FRS's are compliant. Areas of focus include:

National Resilience

Over recent years large scale emergency incidents have increased in the UK. This has been due to severe weather events and terrorist activities. As a direct result the Government introduced the 'National Resilience' programme. OFRS host a High Volume Pump (HVP) and a Detection, Identification and Monitoring (DIM) team.

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These assets are available at all times for national deployment. Assurance is provided on upkeep of assets and operational capability via periodic external audits by the National Resilience Advisory Team (NRAT). We continue to maintain competence and availability of both assets by;

- HVP – competence is maintained via regular 'in house' exercises and attendance at the Fire Service College for NRAT provided training. Assurance for the HVP is embedded within the NRAT three yearly assurance cycle, which involved participation in a national exercise during summer 2016, a self-assessment planned for 2017/18 and an external audit by NRAT in 2018/19.

- DIM – competence is maintained by external quarterly assessments by Bureau Veritas along with attendance at the fire service college for NRAT provided training. Availability is maintained 24/7 across the three Thames Valley FRS's by FDS officers.

Firefighter Fitness

OFRS are committed to ensuring that it has a fit and healthy workforce, which is ready for the physical demands of the role of a firefighter. The service currently has a fitness policy in place which is being reviewed in line with the recommendations from the NJC circular NJC/1/16 which provides guidance on best practices for fitness within the fire service.

The service follows the National framework for England for Firefighter fitness and provides support and advice to Firefighters via our current arrangements with our Occupational Health provider and our Service Fitness Advisor, a role of which the service is looking to expand over the coming year. The service has a comprehensive fitness testing regime which is carried out in July each year.

Management of risk

The county council has a risk management strategy which aims to ensure that there is continuous improvement in the arrangements for managing risk across the directorates.

Full details can be found in the OCC Annual Governance Statement which is included in our 'Statement of Accounts' publication at the end of the document. These are published each year, on the Council's website at:

- [Annual accounts and audit web page](#)

OFRS risk management strategy follows the principles of the Office of Government Commerce's Management of Risk Framework. All members of staff work to identify threats and opportunities to the service and our communities.

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Once a risk has been identified we decide how we want to deal with it then monitor it closely. Risk registers are maintained for strategic risk and operational risk. The nature of certain risks means that not all records will be accessible to all.

- [Risk Management Strategy](#)

Responsibilities under the Road Traffic Act 1988 section 39

Oxfordshire County Council as the local authority has a statutory responsibility under section 39 of the Road Traffic Act 1988 for road safety engineering, education, training and publicity (ETP) that are discharged through both the Environment and Economy and OFRS. Full details of how we discharged are responsibilities to provide road safety information, advice and training under the Road Traffic Act 1988 can be found at:

- [Road safety web page](#)

Our collaborative arrangements

Memorandums of Understanding (MOU's) exist with other agencies such as Highways Authority, Thames Valley Police, South Central Ambulance Service and the Defence Fire and Rescue Service.

We also have MOU's with other local organisations such as RAF Brize Norton, British Red Cross, HMP Huntercombe, Emergency Response Team Search and Rescue and Oxfordshire Lowland Search and Rescue.

A full list of Memorandums of Understanding can be found on the website at:

- [Memorandums of understanding document](#)

How we secure business continuity

Business continuity management is a series of processes and plans that identify risk and develop OFRS resilience to ensure that adverse events cause minimal disruption to the services provided and that critical services are maintained. Plans have been developed for all sites and critical functional departments, and these plans have been tested and exercised.

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Our performance

How we performed during 2016-17

A description of the fire authority's key performance indicators and targets against which the service is measured can be found in OFRS Annual Report. This report reviews our performance over the last financial year and shows the headline statistics and trends in incidents and emergencies that we have attended.

This allows us to recognise areas where we have done well, identify where we can improve our service and trends in specific incidents and emergency types. It helps us decide where to focus our efforts and resources to reduce threats and explore opportunities. The report contributes to our future planning and is essential to our process of integrated risk management.

- [Performance information - Annual Reports](#)

Response standards performance

Since April 2005 OFRS has had local response standards for attending emergency incidents in the county. The Chief Fire Officer is required to report annually on the fire and rescue service's performance against these standards and bring forward any recommendations as appropriate. Our response targets remain stretching, yet in 2016-17 we achieved our targets.

Local response standards are:

- 80 per cent of all emergency incidents will be responded to within 11 minutes.
- 95 per cent of all emergency incidents will be responded to within 14 minutes.

The above is measured by the time it takes to get the first fire appliance to the scene from the time at which the fire station is first alerted.

2016-17 Response Standards Performance

Response standards performance 2016-17	Total emergency incidents in scope	Incidents responded to <11mins	per cent response standards <11mins	Incidents responded to <14mins	per cent response standards <14mins
Totals	6093	5592	91.78%	5928	97.27%

- [Oxfordshire Fire and Rescue Service performance web page](#)

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Benchmarking

We use national benchmarking reports and tools. We are also part of a [Chief Fire Officers Association](#) (CFOA) family group to facilitate benchmarking against fire and rescue services of similar size and demographics and to promote best practice. The Fire Statistics Monitor publication provides headline figures on fire, false alarm and special service incidents in England.

- [Fire Statistics Monitor Report](#)

What others have said about our performance

Operational Assessment (OpA) Peer Challenge

One of the main external assurance mechanisms for the fire and rescue is the Local Government Associations (LGA's) Fire Peer Challenge. OFRS previously completed an OpA in May 2014 which resulted in positive feedback from the peers within their report. An action plan was created, based on the final report, which has been completed and closed out. The 2014 OpA report can be found on the link below:

- [Peer Challenge Report](#)

The fire peer challenge is a voluntary process and in order to further improve our performance we have requested a new OpA to be completed in November 2017. An initial self-assessment to establish a benchmark against the seven Key Assessment Areas (KAA's) was undertaken by OFRS during January 2017. This has resulted in greater organisational self- awareness and we have developed a new action plan to assist us on our improvement journey.

The new KAA's include: Community risk management, Prevention, Protection, Preparedness, Response, Health, Safety and Welfare, Training and Development.

Customer Service Excellence Award

The government wants services for all that are efficient, effective, excellent, equitable and empowering with the citizen always at the heart of service provision.

With this in mind, Customer Service Excellence was developed to offer services a practical tool for driving customer focused change within their organisation. OFRS have maintained the Customer Service Excellence award following the re-assessment in March 2017 and the report can be found on the link below.

- [Customer Service Excellence Report](#)

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Strategic Risk and Assurance Team

The Strategic Risk and Assurance Team ensures consistently high performance throughout the organisation by conducting quality assurance audits. The Strategic Risk and Assurance Policy outlines how the service is assured and the Procedure on Strategic Risk and Assurance Audits details the audit process. The following audit was completed in 2016-17:

- Audit of Fire Protection and Business Safety Review

During 2017 we undertook an assurance mapping exercise covering all key areas of our service, as part of a wider Oxfordshire County Council initiative. The assurance statements and assurance mapping show key control measures and level of assurance provided.

Lessons learnt from incidents

We demonstrate our commitment to high performance and making improvements to our operational response by conducting active monitoring of all operational incidents.

Themed audits are conduct for specific incident types to ensure that correct operational procedures are being implemented. The themes for our operational audits are identified from new national procedural implementation, national highlighted areas of concern and following the issuing of new operational equipment.

Our audits highlight areas of good practice and also identify trends and training needs. This evidence base is used to feedback into reviews of training across the service. The results of operational audits are published on the service intranet for access by all personnel.

Our Incident Commanders conduct hot debriefs after most incidents. If the incident reaches a pre-determined level or is of special interest we hold a structured debrief. The outcomes from structured debriefs result in action plans that are feedback into training and available to all personnel.

Coroners Regulation 28 Notices

The coroner, through Regulation 28 of the Coroners (investigation) Regulations 2013, has the authority to produce a preventable future death report. OFRS have reviewed the reports and created actions plans to ensure we follow the recommendations and lessons learnt, from the Regulation 28 notices.We have also created an action plan following the publication of the Fire Brigades Union Warwickshire Report.

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Financial performance: statement of accounts

Where our money came from

Our budget for 2016-17

OFRS are an integral part of OCC who provide the statement of accounts and audit that can be found on the OCC public website:

- [Annual accounts and audit](#)

What your money was spent on

Revenue expenditure

The total net budget for Oxfordshire Fire and Rescue Service for 2016-17 was £23.832m, with a controllable service budget of £21.967m. A summary of OFRS expenditure can be found in the Annual Report at:

- [Oxfordshire Fire and Rescue Service performance](#)

The following financial data is provided by CIPFA based on 2014-15 information; this will be updated in April / May 2017 to include 2015-16 data, when published by CIPFA.

Expenditure per head of population[1]

The cost of providing the fire and rescue service in 2014/15 was approximately 10p per day for each person within Oxfordshire.

The cost per head of population for 2014-15 was £38.62 compared to the average cost of:

- South east region fire and rescue services - £41.09.
- Family group fire and rescue services - £38.02.
- All English fire and rescue services - £40.46.
- County council fire and rescue services - £38.59.

Expenditure per member of staff

We provided a service at a cost of £44,125 per member of staff in 2014-15 compared to the average cost of:

- South east region fire and rescue services - £48,706.
- Family group fire and rescue services - £45,902.
- All English fire and rescue services - £47,372.
- County council fire and rescue services - £42,218.

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[1] Financial data is taken from the CIPFA Fire and Rescue Statistics 2014/15, as CIPFA 2015/16 statistics are not currently available. County council fire and rescue service figures do not include Isle of Wight or Isles of Scilly as they do not represent a fair comparison due to their size

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Expenditure per incident

Our overall expenditure against the number of incidents we attend is £5,106 per incident in 2014-15 compared to the average of:

- South east region fire and rescue services - £4,796.
- Family group fire and rescue services - £4,461.
- All English fire and rescue services - £4,667.
- County council fire and rescue services - £4,589.

How we provide value for money

OCC Corporate Plan 2016 to 2020 sets out the key objectives and priorities for action for the council. It is a key document and sets out the broad strategic direction, as well as the council's values and principles that guide all of our work. We have an absolute focus on ensuring services are efficient and delivering value for money for local people.

- [The Corporate Plan | Oxfordshire County Council Intranet](#)

Auditors findings

A summary of auditors' reports and findings can be found in the Annual Audit Letter 2015-16 on the link below. The Accounts and Audit Regulations require local authorities, including fire and rescue authorities, to prepare an annual governance statement in support of the annual statement of accounts. Full details can be found in the OCC Annual Governance Statement, which is included in our 'Statement of Accounts' publication at the end of the document.

- [Annual accounts and audit | Oxfordshire County Council](#)

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Our future plans

Community Risk Management Action Plan 2017-18

The following projects are to be undertaken during 2017-18:
- Project 1: Review the whole-time shift duty system.
- Project 2: Review / implement changes to key stations and provide area based strategic cover.
- Project 3: Removal of second fire engine from Chipping Norton Fire Station.
- Project 4: Review opportunities to share resources and assets to improve outcomes for Oxfordshire.
- Project 5: Alignment of operational policy across fire and rescue services in the Thames Valley.

[Community Risk Management Plan and Annual Action Plans](#)

OFRS Station and Departmental Risk Management Plans 2016-17

In 2016-17 we are facing increasing business and efficiency challenges set against a changing public sector environment.

In order to meet these challenges we have created Station and Departmental Risk Management Plans to provide all our staff with details of the context in which we are working and provide information to enable them to make an effective contribution to the vision of Oxfordshire Fire and Rescue Service. The actions are based on the findings of the OpA self assessement.

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Our community engagement

Consultation on our new strategic CRMP 2017-22 and Action Plan 2017-18 was consulted on from the 10 October 2016 to 9 January 2017. In order to obtain the widest spectrum of responses, several different means of capturing opinions and ideas were used in the consultation process.

The Consultation Responses Report can be found at:

- [Consultation Responses Report](#)

Comments and compliments

The fire and rescue service is passionate about delivering top quality customer service. Delivering excellent customer service benefits us as individuals, our organisation and our customers. We also know that we need to continually adjust and improve our levels of customer service because we need to meet the changing needs and expectations of our customers.

If you have any comments, compliments, complaints or suggestions, please contact us using whichever of the following methods is most convenient to you:

- Telephone: 01865 815906.
- Email: complaints@oxfordshire.gov.uk.
- Online: www.oxfordshire.gov.uk/complaints.
- Post: write to: Complaints Team
          First floor County Hall
          Oxford
          OX1 1ND.

Comprehensive information is available in the following links:

- [How to make a complaint about Oxfordshire County Council](#)
- [Fire and rescue service comments, compliments and complaints](#)

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How you can become involved

To make a request for a free Safe and Well check, call the community Safety Helpline free on 08000 325999 or visit 365alive.co.uk and complete our quick on-line questionnaire.

For fire and road safety advice, visit 365alive.co.uk.

Follow us on Twitter at @OxonFireRescue or on Facebook at Oxfordshirefireandrescueservice(official).

Access to information

Details regarding the fire authority's arrangements in respect of access to data and information can be found on the council's access to data and information web page.

Signature

Signed on behalf of Oxfordshire County Council:

Date: April 2017

Councillor Rodney Rose

Cabinet member with responsibility for the fire and rescue service

OXFORDSHIRE COUNTY COUNCIL

Division(s):

AUDIT AND GOVERNANCE COMMITTEE – 26 APRIL 2017

ANNUAL GOVERNANCE STATEMENT 2016/17

Report by the Director of Law and Governance and Monitoring Officer

Introduction

1. The Audit & Governance Committee has the responsibility of approving the Council's Annual Governance Statement (AGS) each year.

2. Local authorities are required to prepare an AGS to be transparent about their compliance with good governance principles. This includes reporting on how they have monitored and evaluated the effectiveness of their governance arrangements in the previous year, and setting out any planned changes in the coming period.

3. This report outlines the changes to the format of the Statement as recommended in good practice guidance, and sets out a review of actions from last year's Statement and a proposed set of actions for the 2017/18 year.

Changes to the format of the Annual Governance Statement

4. Good practice guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) has led to changes to the format of this year's Statement. Previously the Council's AGS included a good deal of description about the Council's governance arrangements in addition to providing a set of actions and an opinion on the Council's governance.

5. However, best practice now requires that Statements shed the description in order to give greater prominence to:

   - An *opinion* on the Council's governance arrangements from the Council's senior managers and the leader of the Council
   - A review of the *effectiveness* of the Council's governance arrangements
   - A review of the *action plan* from last year's statement
   - An *action plan for 2017/18*

6. The AGS (see Annex to this report) now follows this structure. For this year, an annex to the AGS has been included with a much shorter outline of the Council's governance arrangements: during the year, this will be added to the Council's website, freeing up future Statements to focus only on the essential elements.

Conclusion

7. The AGS has been prepared by the Council's Corporate Governance Assurance Group responsible for monitoring the Council's governance arrangements during the year. This Committee's Audit Working Group has endorsed the AGS in preparation for this meeting, having itself requested the addition of the latter three actions in the Statement's 2017/18 action plan. The Committee is invited to approve the AGS as submitted.

Legal Implications

8. The Accounts and Audit Regulations 2015 require councils to undertake an annual review of their governance. The Regulations require that an Annual Governance Statement prepared to fulfil this requirement should form part of the Council's Statement of Accounts. The report is therefore coming to the Committee to meet this purpose and that timescale. The Regulations also state that the Annual Governance Statement should be prepared in accordance with proper practices. Compliance with the CIPFA guidance (*Delivering Good Governance in Local Government: Framework (2016)*) fulfils this requirement and I confirm that the Statement put forward with this report is compliant with that guidance/framework.

RECOMMENDATION

9. **The Committee is RECOMMENDED to approve the Annual Governance Statement 2016/17, subject to the Director of Law and Governance making any necessary amendments in the light of comments made by the Committee, after consultation with the Leader of the Council, Chief Executive and Section 151 officer.**

NICK GRAHAM
Director of Law and Governance and Monitoring Officer

Contact Officer: Glenn Watson, Principal Governance Officer
07776 997946

Annual Governance Statement 2016/17

INTRODUCTION

1. This is Oxfordshire County Council's Annual Governance Statement for 2016/17. It provides:

   - An *opinion* on the Council's governance arrangements from the Council's senior managers and the leader of the Council
   - A review of the *effectiveness* of the Council's governance arrangements
   - A review of the *action plan* from last year's statement
   - An *action plan for 2017/18*
   - An *annex* summarising our governance framework

2. The Statement will be published on the Council's website and will also form part of the Council's Statement of Accounts. The Annual Governance Statement is required by Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015.

3. This statement covers all services including the Fire & Rescue Service. However the Fire & Rescue Service are required to produce a separate Statement of Assurance which will supplement this statement. A copy of the Fire and Rescue Service Annual Statement of Assurance for 2016/17 can also be found on our public website at:
   http://www.oxfordshire.gov.uk/cms/content/oxfordshire-fire-and-rescue-service-performance

STATEMENT OF OPINION

It is our opinion that the Council's governance arrangements in 2016/17 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2017/18.

SIGNATURES

Signed on behalf of Oxfordshire County Council:

……………………………   Date ………   ………………………………   Date ………

Peter Clark   Lorna Baxter

Chief Executive   Chief Finance Officer

……………………………   Date ………   ………………………………   Date ………

Councillor Ian Hudspeth   Nicholas Graham

Leader of the Council   Monitoring Officer

APRIL 2017

SIGNIFICANT GOVERNANCE ISSUES

Progress in 2016/17

4. This is a review of the progress during 2016/17 on the priorities for that year:

Actions that were planned for 2016/17	Timescale, Responsible Officer, Monitoring Body	Progress	Status
Staff supporting, managing and maintaining ICT systems and supplier relationships. **Review to be carried out to identify how the systems are being managed and the effectiveness of the controls.**	31 December 2016 Caroline Parker ICT Information Services Manager) and Mike King, ICT Service Transformation Manager Corporate Governance Assurance Group (CGAG).	A review is being undertaken as part of the Business Efficiencies workstream within the Transformation Programme to identify staff, contracts and expenditure outside the control of ICT with the intention to consolidate within ICT. Updated timescale to 30 September 2017.	**In progress**
Data reporting and information governance by third party partners and suppliers of services **Review to be carried out to verify that our data is being secured, maintained and reported in accordance with agreed service responsibilities.**	31 October 2016 Caroline Parker (ICT Information Services Manager) CGAG	The suppliers of the priority 1 systems have been contacted and provided their data governance standards; these are being reviewed and actioned in line with item 3 below. Updated timescale to 31 March 2018.	**In progress**
Data quality, duplication and storage **De-duplication of data collection and storage prior to migration of data ahead of decommissioning of Data**	31 October 2016 Caroline Parker (ICT Information Services Manager) CGAG	The Managing Information Effectively proposal was approved at CCMT subject to some revision of timescales for data retention. This will be	**In progress**

Actions that were planned for 2016/17	Timescale, Responsible Officer, Monitoring Body	Progress	Status
Centre; to include verification that commissioned/partnership services follow Council's data storage policies		implemented as part of the Master Data Management initiative within the Transformation Programme. Updated timescale to 31 March 2018.	
Financial Control Improvement Plan **Improve the clarity of financial roles, procedures and data issues and the oversight of financial controls – through implementation of a Financial Control Improvement Plan developed in consultation with stakeholders, partners, with the Financial Leadership Team.**	31 March 2017 Ian Dyson, Assistant Chief Finance Officer CGAG	The Financial Control Improvement Plan has been incorporated into the Transformation Programme, under the Business Efficiencies workstream. Whilst the principles and key themes of the original plan remain, a strategic approach is being adopted in prioritising the improvements. Regular updates have been reported to the Audit Working Group and the Audit and Governance Committee. The key control improvements set out in the original plan have been completed, with the exception of the following: Financial guidance, procedures and regulations are still being updated and should be completed by the end of May	**In progress (risk reduced)**

Actions that were planned for 2016/17	Timescale, Responsible Officer, Monitoring Body	Progress	Status
		2017; the automation of the bulk data upload procedure is on-going, implementation of the first automation is still at testing stage, but is due for completion end of April 2017.	
Commercial Services Board (CSB) **To strengthen/extend the role and effectiveness of the CSB (including the quality assurance/management information) through the action plans of the Gateway Review Panel, the Commercial Gateway Process and the work of the dedicated Corporate Procurement Lead.**	31 March 2017 Ian Dyson, Assistant Chief Finance Officer CGAG	The development of the Commercial Services Board continues. The Gateway Review process is well established and has added value to the governance process; the Corporate Procurement Lead is providing the support to the Board, which is focussed on the implementation of the recently purchased contract management system. This system and the management information that will be available from it is fundamental to the future operation of the Board.	**In Progress**
Transformation **Organisational transformation necessary during 2016/17 to meet the Council's plans, priorities**	31 March 2017 Graham Shaw, Director of Customer Experience	A Board has been established to oversee the full transformation programme, chaired by the Director of	**Completed**

Actions that were planned for 2016/17	Timescale, Responsible Officer, Monitoring Body	Progress	Status
and challenges (including any changes to senior management structures), will put sound governance at the core – including effective consultation, and legal and constitutional compliance.	CGAG	Finance and with Cabinet representation which now meets monthly to ensure progress. The programme has been launched to ensure the Council is "Fit for the Future" with a working investment budget. Three work streams are now operational covering Digital Enablement, Business Efficiency and the Back Office, and the Property Portfolio. In addition, a dedicated Programme of work for Childrens Services will run alongside the 3 work streams. Each work stream has a Senior Management sponsor and dedicated resources and project plans. These plans feature a specific requirement for highlighting the governance implications of each strand. Regular briefings are being provided to Audit & Governance Committee. Monthly updates are now provided to the Council Leadership Team and from April	

Actions that were planned for 2016/17	Timescale, Responsible Officer, Monitoring Body	Progress	Status
		2017 to Cabinet. Additionally, the Corporate Governance Assurance Group will be monitoring the efficacy of those processes for recognising and addressing the governance issues.	
Health & Safety – repairs and maintenance (R&M) in schools **To support schools (community, voluntary controlled, special and maintained nurseries) in the deployment of their delegated funding for R&M. To ensure compliance through the provision of information, training and effective monitoring procedures. Additional action will include schools completing a building maintenance annual return which will be collated as part of the schools H&S Monitoring visit and used to monitor statutory compliance. Completed returns will be feedback to Property and Facilities for review and action.**	Paul Lundy, County Health and Safety Manager CGAG	To gain greater assurance that schools are meeting their delegated responsibilities, Property and Facilities have instigated an ongoing programme of premises visits to monitor compliance and performance and to inspect repairs and maintenance items. Carillion continue to offer compliance services to schools although only a small number of schools buy back since the majority appear to prefer to use their own local contractors. The Council continues to offer a traded H&S service	**Completed**

Actions that were planned for 2016/17	Timescale, Responsible Officer, Monitoring Body	Progress	Status
		to schools which includes monitoring of H&S management. In addition schools can access training including Health and Safety for Managers, Asbestos Awareness, Legionella Awareness etc.	
Corporate Security **Implement actions to ensure the ongoing security of the Council's buildings, principally those with public access.**	31 March 2017 Alexandra Bailey, Director: Property, Assets & Investments. CGAG	Good organisational security as a whole comprises personal, physical and information security. Personal security is maintained within Human Resources and strong vetting and recruitment procedures. Information security is maintained within Information Governance. This action primarily focused on achieving sustainable governance arrangements for overseeing physical security, as applied to our Council buildings and in particular our public-facing environment, including access and perimeter security. The key governance outcome has been to secure corporate	**Completed**

Actions that were planned for 2016/17	Timescale, Responsible Officer, Monitoring Body	Progress	Status
		oversight of the Council's corporate security – entailing the development, into 2017/18, of a set of actions to improve/maintain security. This oversight also allows effective link-up with other strands of security such as data and information technology. A Corporate Security lead has been established as part of the senior management team. This is Alexandra Bailey, Director: Property, Assets & Investments.	

Action Plan for 2017/18

5. This is an Action Plan of particular governance priorities that the Council will address during 2017/18.

	Action now planned for 2017/18	Timescale for Completion	Responsible Officer	Monitoring Body
1	**Business Continuity (BC):** Risk relating to key contractor/partner provision (supply chain management), especially where "BAU" already significantly impacts our resource/capacity: supply disrupted protracted recovery provider failure / withdrawal **Proposed action:** Where key partners / contracts e.g. IBC, Carillion, Skanska may suffer business disruption, promote further work to identify OCC vulnerability and mitigations. Seek BC exercise with key partners around supply disruption, i.e. fuel supply	December 2017	Business Continuity & Resilience Officer Assistant Chief Fire Officer (as Chair of Business Continuity Steering Group)	CGAG

	Action now planned for 2017/18	Timescale for Completion	Responsible Officer	Monitoring Body
2	**Business Continuity:** Risks relating to organisational structure change: • Senior Management Review • subsequent service reorganisation • agile working. Proposed action: Following the Senior Management Review: a) refresh continuity priorities and vulnerabilities with key service continuity requirements i.e. through BIA b) provide training and exercise in major incident response for significant disruption (e.g. loss of site), managing agile pros/cons c) through senior management engagement ensure BC in subsequent reorganisation at service and team levels, including adaptation to agile.	December 2017 = key service prioritisation, strategic training and exercising March 2018 = embedding business continuity	Business Continuity & Resilience Officer & Assistant Chief Fire Officer (as Chair of Business Continuity Steering Group	CGAG
3.	**Corporate Security** Implement a programme of actions to integrate and strengthen corporate security of the Council's buildings and essential infrastructure	March 2018	Director of Property and Investment	CGAG

	Action now planned for 2017/18	Timescale for Completion	Responsible Officer	Monitoring Body
4	**Finance** Develop, implement and operate a robust debt management strategy, providing clarity over the standards and process for the effective collection of income.	31December 2017	Assistant Chief Finance Officer	Finance Leadership Team
5	**Mental Health** Address the governance issues arising from the Internal Audit of Mental Health undertaken as part of the 2016/17 Internal Audit plan.	30 September 2017	Seona Douglas, Deputy Director, Adult Social Care.	Adult Social Care Leadership Team
6	**Capital Programme** Address the governance issues arising from the Internal Audit of the Capital Programme undertaken as part of the 2016/17 Internal Audit Plan.	30 September 2017	Bev Hindle, Strategic Director of Communities / Lorna Baxter, Director of Finance	CGAG
7	**Target Operating Model** To develop a supporting governance framework in the context of delivering the Better Oxfordshire proposal.	30 September 2017	Maggie Scott, Assistant Chief Executive & Nick Graham, Director of Law and Governance	Council Leadership Team (CLT)

REVIEWING OUR EFFECTIVENESS

6. We have reviewed our overall effectiveness. Key points are that:

- We have made significant progress on implementing our Action Plan for 2016/17 as noted above;
- Our decision taking processes are clear;
- Key management roles have continued to be defined and to operate as part of the council's leadership team - Head of Paid Service, Chief Finance Officer, Monitoring Officer and Chief Internal Auditor;
- A senior management review has been completed , achieving a County Leadership Team that can better deliver good governance for the council's direction of travel and challenges;
- The council operates within a budget that included a low council tax increase, and delivers year on year savings despite significant financial pressures.
- Financial management systems and processes are subject to regular review and actions taken where areas for improvement are identified to ensure good value for money is achieved.
- We monitored key governance issues through a system of Corporate Lead Officers reporting into a Corporate Governance Assurance Group of senior officers and to the council's Audit & Governance Committee,
- Through the governance assurance framework, issues and unacceptable risk exposures are being highlighted with action plans devised and implementation monitored on a timely basis. This will ensure that the level of risk is returned to acceptable levels as soon as possible.

7. Thus we consider that our governance arrangements are in sound shape given the pressures, scale of change and uncertainty about funding and future structures. The continuing and new plans to improve our governance in 2017/18 will now be our main focus for the year ahead.

Measuring and Managing Service Performance

8. Oxfordshire County Council has used a performance management framework, centred on quarterly reporting and an exception based escalation of issues. Priorities are identified in the Corporate Plan and related performance indicators are agreed with directorates, as part of the service and resource planning process. Progress is reported by the use of dashboards with Red, Amber or Green (RAG) ratings.

9. Accountability for performance runs from the individual to corporate level through directorate leadership teams and then on to the County Council Leadership Team (CLT). Public reports are made to Performance Scrutiny Committee and Cabinet. Performance Scrutiny Committee met 10 times in 2016/17 to consider performance across the Council focusing on a directorate in detail at each meeting. The Committee can call for additional reports from directors and examine issues in detail to ensure that improvements are made. The Committee also challenges proposed indicators and targets to ensure they are realistic and in line with strategic priorities.

Compliance, Risks and Complaints & Whistleblowing

Compliance

10. Oxfordshire County Council has used a range of measures to ensure compliance with established policies, procedures, laws and regulations including:

    - Notification of changes in the law, regulations and practice to directorates by Legal Officers;

    - Training carried out by Legal Officers and external experts;

    - The drawing up and circulation of guidance and advice on key procedures, policies and practices;

    - Proactive monitoring of compliance by relevant key officers including the Chief Finance Officer, the Monitoring Officer and the Chief Internal Auditor;

    - A Corporate Governance Strategy for Law and Governance ; and a

    - 'Protocol for Implementing New Legislation' ensures that there are Directorate Leads who have a specific obligation to ensure appropriate dissemination of legal, policy and professional information within their Directorates.

11. Guidance and advice on all our key policies and procedures have been reviewed and updated. All policies and guidance have been given visibility on the Intranet within the Corporate Governance Library as well as separate pages for Human Resources and Finance, Budgets and Procurement.

12. Compliance with our policies was monitored by the relevant corporate lead officers. Their assessment was incorporated in the year end 'Certificate of assurance' signed off by each corporate lead officer.

13. Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to the County Council where, in his opinion, a proposal, decision or omission by the County Council, its Members or Officers is or is likely to be unlawful and also to report on any investigation by the Local Government Ombudsman. The Monitoring Officer issued a formal report in the year 2016/17 in relation to an adult social care complaint investigated by the Council and the Local Government Ombudsman. The report can be found here:

    http://mycouncil.oxfordshire.gov.uk/ieListDocuments.aspx?CId=116&MID=4814

14. The complaint had originated in 2014/15 and the Council had proactively undertaken actions to resolve matters. This was acknowledged by the Ombudsman, at the conclusion of her investigation, who said: "I welcome the significant steps Oxfordshire council has already taken to improve its policies,

procedures and staff training in this area and am pleased it has agreed to my further recommendations."

15. The Monitoring Officer undertakes a review of the County Council's annual governance arrangements. This review was formally reported to the Audit & Governance Committee.

Risks

16. Oxfordshire County Council has a Risk Management Strategy which aims to ensure that there is continuous improvement in the arrangements for managing risk across all directorates. The Chief Finance Officer was the CLT Risk Champion during 2016/176.

17. Oxfordshire County Council has in place a process for identifying, assessing, managing and reviewing the key areas of risk that could impact on the achievement of County Council's objectives and service priorities. Reports to committees to support key policy decisions or major projects include an assessment of both opportunities and risks.

18. A strategic risk register is in place that is owned and reviewed by CLT. Service Risk Registers were owned and reviewed by each Deputy Director with their management teams and the Director on a quarterly basis. An escalation process is in place to report significant service risks to CLT as part of the quarterly performance reporting process and separately to the Audit Working Group. The Strategic Risk register has been updated in 2016/17 and each risk is owned by a member of CLT. CLT reviews the risk register quarterly.

19. Risk Management in projects is required in our Corporate Project Management Framework. It includes the requirement for risk registers to be maintained as part of the project management process.

Complaints & Whistleblowing

20. Oxfordshire County Council has continued to operate formal complaints and whistleblowing procedures which has allowed staff, service users, contractors, suppliers and the public to confidentially raise concerns about any aspect of service provision or the conduct of staff, elected councillors or other people acting on behalf of the Council.

21. An annual review of reports and incidents of whistleblowing was undertaken by the Monitoring Officer and reported to the Audit & Governance Committee via the report of the Audit Working Group.

Internal audit

22. In 2010 CIPFA issued a Statement on the "Role of the Head of Internal Audit in public service organisations". This outlines the principles that define the core activities and behaviours that belong to the role of the 'Head of Internal Audit' and the governance requirements needed to support them. The Council's

arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor:

- Objectively assesses the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments;
- Gives an objective and evidence based opinion on all aspects of governance, risk management and internal control;
- Is a Senior Manager with regular and open engagement across the organisation, including the Leadership Team and the Audit & Governance Committee; and
- Leads and directs an internal audit service that is resourced to be fit for purpose; and is professionally qualified and suitably experienced.

23. The Monitoring Officer sought feedback on the quality and effectiveness of the Internal Audit Service from Senior Managers across the council, reporting back to the Audit and Governance Committee. The conclusion from the survey was that management find the internal audit service effective in fulfilling its role.

24. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment against the standards is completed on an annual basis and was last completed in May 2016. The areas of non-conformance highlighted for 2015/16 have now been addressed; the Internal Audit Charter is now in place and subject to annual review and approval by the Audit & Governance Committee, there is now a Quality Assurance and Improvement Programme in place and the Internal Audit Procedures Manual has now been reviewed and updated.

25. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This must be completed by 31 March 2018 and therefore will need to be commissioned during 2017/18. The results will be reported back to the Audit & Governance Committee.

26. The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes reasonable assurance over Oxfordshire County Council's system of internal control. This demonstrates improvement from last year when the overall Chief Internal Auditor's opinion was qualified assurance over Oxfordshire County Council's system of internal control. This was due to a small number of limited assurance reports issued by Internal Audit in relation to key financial systems. Follow up work completed during 2016/17 has evidenced sufficient improvements in the financial control environment to enable the overall opinion to be reflected as such.

27. Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team and the Audit Working Group. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

Checking the Effectiveness of our Governance

28. Oxfordshire County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness has been informed by the work of the senior managers within the County Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, whistleblowing reports and comments made by the external auditors and other review agencies and inspectorates.

Audit & Governance Committee

29. The Chairman of our Audit & Governance Committee produced an Annual Report to Council. The Annual Report also covers the work of the Audit Working Group. This group has met regularly throughout the year and reviewed specific areas of governance, risk and control, reporting any significant issues identified to the Committee.

Scrutiny Committees

30. Oxfordshire County Council has three scrutiny committees. They cover the following areas:

   • Education;
   • Performance;
   • Joint Health Overview including district council and co-opted lay members

   The good governance of the council has been further enhanced by the work of the Cabinet Advisory Groups. These groups can be set up to examine topics selected by Cabinet which align to corporate council priorities.

31. CIPFA guidance indicated that Audit Committees *'should have clear reporting lines and rights of access to…. for example scrutiny committees'.* The Chairman of the Performance Scrutiny Committee has had a standing invitation to attend our Audit & Governance Committee to provide advice in relation to the work of the Scrutiny Committees. Similarly, the Chairman of Audit & Governance Committee has a reciprocal standing invitation to attend the meetings of the Performance Scrutiny Committee. An annual report on the key achievements of all Scrutiny Committees is considered by our Audit & Governance Committee in draft and submitted for agreement by Council. Scrutiny and Audit Committee Chairmen meet regularly to coordinate their work and forward plans.

Corporate Governance Assurance Group (CGAG)

32. This Group has monitored the corporate governance framework. It reviewed the Annual Governance Statement action plan, as well as monitoring and challenging the assurance framework owned by designated Corporate Leads. The Group identified and considered weaknesses in the internal control environment. It has primary responsibility for collating all of the evidence and producing the first draft of the Annual Governance Statement. No

recommendations for improvements were made by the external auditors (Ernst and Young LLP) relating to the 2016/17 Annual Governance Statement. .

Key Deliverables

33. Updates on projects are reported quarterly, with information reported through existing quarterly business management (performance/risk/projects) reporting procedures. The forecast financial position is reported monthly to Leadership Teams and through the regular Financial Monitoring and Business Strategy Delivery Reports to Cabinet which are considered by the County Council Management Team.

34. Further to these monitoring arrangements, the Chief Finance Officer and the Head of Policy meet with all Deputy Directors. They review the delivery of budget savings, check progress on the delivery of projects and ensure that support is targeted to projects as necessary. The policy and finance teams work with service areas to monitor delivery of agreed savings and escalate issues for consideration to CCMT as required.

Other external reviews

35. Oxfordshire County Council receives external reports and inspections from a range of sources that can provide assurance or indicate any issues related to internal control and governance. These are generally ad-hoc and are reported to CGAG by the Head of Policy so that governance issues can be reported to Audit & Governance Committee.   For completeness Directors are also asked to set out feedback from external reviews in their annual Statement of Assurance.

ANNEX

SUMMARY OF OUR GOVERNANCE FRAMEWORK

A vision for Oxfordshire

1. Oxfordshire County Council's ambition, as set out in the updated 2016/17 – 2019/20 Corporate Plan, is for a county where local residents and businesses can flourish - a Thriving Oxfordshire.

2. In 2016/17 our Corporate Plan was supported by Directorate Business Strategies which set out how the work will be delivered.

Equalities

3. Oxfordshire County Council is committed to making Oxfordshire a fair and equal place in which to live, work and visit. We want our services to effectively meet the needs of all local residents, including those in rural areas and areas of deprivation. We also aim to ensure that our staff are equipped with the knowledge and skills to meet the diverse needs of customers, that our services are accessible, and to encourage supportive and cohesive communities through our service delivery.

Consultation and Communication

4. The council ensures it meets its statutory consultation duty by using a consistent approach to consulting service users and other stakeholders about proposed service change.

5. We also have well established consultation and involvement arrangements to specifically engage the community and its staff. There is a council-wide Consultation & Involvement Strategy, a research governance framework covering consultation, evaluation and research with adult social care customers and a dedicated engagement team working with children and young people and vulnerable adults.

Decision making structures

6. Oxfordshire County Council's Constitution sets out the roles of and relationships between the full Council, the Cabinet, Scrutiny and other Committees in the budget setting and policy and decision making processes. It notes the legal requirements. The County Council's Corporate Plan supplements our Policy Framework. These formal policies are approved by full Council in accordance with the provisions of Oxfordshire County Council's Constitution.

7. The Constitution also sets out a scheme of delegation. The Chief Finance Officer approves the financial scheme and the Monitoring Officer approves the

decision making scheme. The Constitution also records what responsibility each Oxfordshire County Council body or individual delegate (councillor or officer) has for particular types of decisions or areas or functions. The Constitution requires that all decisions taken by or on behalf of the County Council are made in accordance with given principles.

8. The Constitution also sets out how the public can take part in the decision making process. The Cabinet's Forward Plan alerts the public to what business the Cabinet will be undertaking to give members of the public the right to make representations before a decision is taken. Some of the responsibilities of the County Council committees require statutory consultation to precede a decision being taken.

9. The Constitution is reviewed annually by the Monitoring Officer with recommendations of changes being made to Full Council for consideration and adoption.

10. Oxfordshire County Council has an Audit & Governance Committee which operates in accordance with the CIPFA guidance 2013 and normally meets six times a year. The County Council also operates an Audit Working Group, made up of members of the Committee and Senior Officers, chaired by a co-opted member of the Audit & Governance Committee. The Audit Working Group looks in detail at specific areas of governance, risk or control under the direction of the Audit & Governance Committee.

11. The Monitoring Officer monitors and reviews the operation of the Constitution to ensure that its aims, principles and requirements are given full effect and makes recommendations on any necessary amendments to it to Full Council.

Senior Management

12. The Chief Executive (as Head of Paid Service) is responsible for co-ordinating the different functions of the council, staff appointment, organisation, management, numbers and grades. Additional responsibilities are set out in the Constitution include supporting councillors and the democratic process, overall corporate management and promoting our objectives, performance management, strategic partnership, the community strategy, media and communications.

13. Our Chief Finance Officer holds the statutory role of 'Chief Financial Officer' within the Council. Our Chief Finance Officer is professionally qualified and suitably experienced.

14. The Financial Procedure Rules are part of the Constitution and are published on the Council's website. These 'Rules' and the supporting Financial Regulations are reviewed by the Chief Finance Officer. Schemes of Financial Delegation and Delegation of Powers are reviewed and updated twice a year.

15. Oxfordshire has a Chief Legal Officer who is the Monitoring Officer. His role, in summary, includes meeting all legal requirements, ensuring effective

administration and compliance with statutory responsibilities around the councillors code of conduct and the ethical standards of officers.

Controls on Information, Projects and ICT

16. Our Information Governance Group reviews and implements corporate policies, including the new Information Governance Policy, the Data Sharing Policy and new tools and methods of work evaluated by ICT Business Delivery to improve the security of data transfer.

17. Oxfordshire County Council requires projects to be managed using their Project Management Framework which gives a comprehensive structure, standard paperwork and defined processes. Progress of Major Programmes is reported to DLTs and to the Delivery Board, and the Head of Paid Service.

Codes of Conduct

18. Oxfordshire County Council has developed and adopted separate Codes of Conduct for Councillors and Officers; both Codes define the standards of behaviour expected by the County Council and the duty owed to the public. Training on the requirements of the codes is provided by the Council's Monitoring Officer for both Councillors and Officers. Both codes form part of the County Council's Constitution and are readily accessible via the council's Internet and Intranet websites.

19. Each Council must adopt a local Code of Conduct and have arrangements in place to investigate complaints made against Members. Our Council has agreed to include standards within the terms of reference of the Audit & Governance Committee.

WORKING WITH OTHERS

Schools

20. Section 48 of the Schools Standards and Framework Act 1998 requires the authority to prepare a scheme setting out the financial framework for local authority maintained schools, known as the Scheme for Financing Schools.

21. It is the responsibility of each school's governing body to set down and oversee proper governance arrangements for the school. The governing body in maintained schools is accountable to the local authority for the way the school is run.

22. Academies are legally separate entities and therefore their effective governance does not fall within the control or responsibilities of the County Council. The County Council retains responsibilities including ensuring that special educational needs are met, safeguarding, and that the free entitlement to early year's education is provided by academies where applicable.

Partnerships

23. Oxfordshire County Council works together with other bodies and organisations, in a number of different partnerships governed by specific terms of reference. Overall accountability for partnership working rests with Council which is responsible for examining formal and informal feedback mechanisms. Each partnership presents an annual report and a yearly summary of the work of the partnerships set out below is discussed at the September meeting of the County Council. This is also considered by Performance Scrutiny Committee.

24. The key partnerships that Oxfordshire County Council is part of and plays a formal role in are:

- Oxfordshire Local Enterprise Partnership (OxLEP)
- Oxfordshire Skills Board
- Oxfordshire Growth Board
- Oxfordshire Local Transport Board.
- Oxfordshire Safeguarding Children Board (OSCB),
- Oxfordshire Safeguarding Adults Board
- Oxfordshire Health and Wellbeing Board Oxfordshire Stronger Communities Alliance Oxfordshire Safer Communities Partnership

Overview of Corporate Governance Assurance Framework

Performance Scrutiny Committee
Helps to improve service provision and inform policy

Leader, Head of Paid Service, Monitoring Officer and Section 151 Officer
sign AGS

Chief Internal Auditor
Annual report on effectiveness of risk management

Audit & Governance Committee approves the AGS and receives regular reports on progress.

County Council Management Team (CCMT) ensures Internal Control issues are properly addressed throughout the Council and ensures cross cutting Directorate risks are incorporated into the Council's Strategic Risk Register.
Receives quarterly performance and risk management reports and makes recommendations for improvements

Commercial Services Board
Provides governance of strategic procurement and commercial matters

Corporate Governance Assurance Framework

Code of Corporate Governance

Cabinet **considers and comments on the draft AGS and recommends approval.**

Corporate Governance Assurance Group (CGAG)
Co-ordinates receipt of reports on internal control and governance. Challenges evaluations of effectiveness and prepares draft AGS

Directors sign Certificate of Assurance each year.

Directorate Management Teams review Risk Registers quarterly as part of performance management

Corporate Lead Officers
Provide annual statements on their assurance mechanism and the current position

Internal Audit provides independent opinion on:
- the effectiveness of the process for gaining assurance on risk management and internal control
- the effectiveness of control to manage significant areas of risk
- compliance with key internal control processes

There is a separate review of the effectiveness of **Internal Audit**

External Review Bodies Directorates are subject to independent external review and any issues relating to internal control will be reported to the Corporate Governance Assurance Group by the Head of Policy.

External Audit
The external auditors provide independent overview of the effectiveness of the control environment and raise specific issues within its annual audit letter

Deputy Directors ensure their Service Risk Register is updated and reflects key areas of risk each quarter.

AUDIT and GOVERNANCE COMMITTEE – 26 APRIL 2017
REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on Wednesday 5 April 2017.

Attendance:
Full Meeting:
Chairman Dr Geoff Jones; Cllr Sandy Lovatt, Cllr Nick Hards; Cllr Roz Smith; Nick Graham Director of Law and Governance; Ian Dyson, Assistant Chief Finance Officer (Assurance); Sarah Cox, Chief Internal Auditor; Joanne Hilliar (minutes)

Part Meeting:
Glenn Watson, Principal Governance Officer; Sarah Watson, Access and Disclosure Officer.

Matters to Report:

AWG 17.10   Annual Governance Statement, including Corporate Lead Statements.

The group reviewed in detail both the draft Annual Governance Statement (AGS) and also the individual Corporate Lead Statements. The group noted the change to the format of the AGS for this year, following advice from the Chartered Institute of Public Finance and Accountancy (CIPFA). The change has provided more prominence within the statement to the opinion, actions and effectiveness. The group were satisfied with the process for compilation of the Corporate Lead Statements and how they contribute to the production of the AGS. The group reviewed the outstanding actions from 16/17 and received updates from officers on progress taken. Actions for 17/18 were reviewed and the group recommended that additional actions are added in respect of Capital Programme and Mental Health governance issues that were highlighted within the 2016/17 Internal Audit Reports. Officers agreed with this. There were discussions around the transformation programme and the associated governance changes that this will bring, it was therefore agreed that an action would be included which monitored the implementation of the new Target Operating Model.

AWG 17.11   Update on Finance Improvement Plan

The group received an update from the Assistant Chief Finance Officer (Assurance), including current progress in financial control improvement and the work now being undertaken as part of Finance Fit for the Future (transformation) which includes a service re-design of Finance. There will be a full update to the July 2017 Audit & Governance Committee. The group noted progress made with improvements to the debt management processes and performance, ongoing work on duplicate payments, the implementation of the new electronic contract management system from April 2017, interfaces to replace BDU uploads for adult social care payments going live from the end of April 2017 and the current work to address PCI (payment card industry) compliance.

AWG 17.12 Internal Audit Update

The group received an update from the Chief Internal Auditor on progress against the Internal Audit Plan and the Counter Fraud Plan. The group noted that the Internal Audit plan for 16/17 had been delivered in full with all reports due to be finalised prior to the annual report to the Audit & Governance Committee. The group thanked Internal Audit for their hard work during the year.

There were no material issues identified in the audit reports finalised since December 2016 update, with the exception of the audit of Capital Programme which received an overall grading of Red - this however was subsequently presented and reviewed by the group during the February 2017 meeting. The Group will continue to monitor progress of implementation of the actions from both the Mental Health and Capital Programme audits.

The group noted the work undertaken on the Counter Fraud Plan.

The group noted the position with overdue management actions. These are subject to continued monitoring and escalation by Internal Audit to the Directorate Leadership Teams, in addition to a number of follow up audits included within the 16/17 and 17/18 plan.

AWG 17.13 Terms of Reference for Audit Working Group

The terms of reference were reviewed and updated including job title changes.

The date of the next meeting is Wednesday 21 June 2017, 14.00 - 16.00.

RECOMMENDATIONS

The Committee is recommended to note the report.

Lorna Baxter
Director of Finance

Contact: Officer: Sarah Cox, Chief Internal Auditor
                      07393 001246   sarah.cox@oxfordshire.gov.uk

**AUDIT & GOVERNANCE COMMITTEE
WORK PROGRAMME - 2017**

11 January 2017
Update on Hampshire Partnership – HR Update (Steve Munn)
Internal Audit Plan – Progress Report (Sarah Cox)
Ernst & Young Audit Plan (Alan Witty)
Progress update on Annual Governance Statement Actions (Glenn Watson)
Treasury Management Strategy (Donna Ross)
Report from the Councillor Profile Working Group (Andrea Newman) [not needed]
Constitution Review (Glenn Watson)

8 March 2017
Ernst & Young Progress Report (Alan Witty)

26 April 2017
Annual Governance Statement (Glenn Watson)
Annual Report of the Chief Internal Auditor 2016/17 (Sarah Cox)
Internal Audit Strategy & Annual Plan 2017/18 (Sarah Cox)
Audit Committee Annual Report to Council 2016 (Sarah Cox)
Ernst & Young Progress Report (Alan Witty)
Annual Scrutiny Report (Policy)
OFRS Statement of Assurance 2016-17 (Julian Green)

12 July 2017
OCC Accounts 2016/17 (Stephanie Skivington)
Treasury Management Outturn 2016/17
Ernst & Young Progress Report (Alan Witty)
Update on Hampshire Partnership and HR Update (Ian Dyson/Steve Munn)
Review of effectiveness of internal audit (Glenn Watson)
Review of Performance Management of the Highways Partnership Contract

13 September 2017
Local Government Ombudsman's Review of Oxfordshire County Council (Nick Graham)
Ernst & Young – Audit Results Report (Alan Witty)
Internal Audit Plan – Progress Report (Sarah Cox)
Regulation of Investigatory Powers Act (Richard Webb)
Monitoring Officer Annual Report (Nick Graham)

8 November 2017
Ernst & Young: Annual Audit Letter (Alan Witty)
Treasury Management Mid Term Review (Donna Ross)
Constitution Review (Glenn Watson)

Standing Items:

- Audit Working Group reports
  (Sarah Cox)

- Audit & Governance Committee Work Programme – update/review

(Committee Officer/Chairman/relevant officers)

- Transformation Update (Lorna Baxter - **Quarterly**)

- Update on Finance Improvement Plan (Ian Dyson - **Quarterly**)