



To: Members of the Audit & Governance Committee

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

Wednesday, 17 July 2019 at 2.00 pm

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

A handwritten signature in blue ink, appearing to read 'Yvonne Rees'.

Yvonne Rees
Chief Executive

July 2019

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

Membership

Chairman – Councillor Nick Carter
Deputy Chairman - Councillor Tony Ilott

Councillors

Paul Buckley
Dr Simon Clarke
Charles Mathew

D. McIlveen
Glynis Phillips
Les Sibley

Roz Smith

Co-optee

Dr Geoff Jones

Notes:

- ***There will be a pre-meeting briefing in the Members' Boardroom at County Hall on 11 July 2019 at 9.30am for the Chairman, Deputy Chairman and Opposition Group Spokesman.***
- ***Date of next meeting: 11 September 2019***
- ***There will be a private briefing for Members of the Committee with the Chief Internal Auditor and the External Auditors at 1pm before the 11 September meeting.***

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.

AGENDA

1. **Election of Chairman for the 2019/20 Council Year**
2. **Election of Deputy Chairman for the 2019/20 Council Year**
3. **Apologies for Absence and Temporary Appointments**
4. **Declaration of Interests - see guidance note**
5. **Minutes (Pages 1 - 10)**

To approve the minutes of the meeting held on 8 May 2019 and to receive information arising from them.

6. **EXEMPT ITEM**

In the event that any Member or Officer wishes to discuss the information in the exempt minutes, the Committee will be invited to resolve to exclude the public for the consideration of the minutes by passing a resolution in relation to that item in the following terms:

"that the public be excluded during the consideration of the minutes since it is likely that if they were present during that discussion there would be a disclosure of "exempt" information as described in Part I of Schedule 12A to the Local Government Act, 1972 and specified below the item in the Agenda".

THE EXEMPT MINUTES HAVE NOT BEEN MADE PUBLIC AND SHOULD BE REGARDED AS 'CONFIDENTIAL' BY MEMBERS AND OFFICERS ENTITLED TO RECEIVE THEM.

THIS IS FOR REASONS OF COMMERCIAL SENSITIVITY.

THIS ALSO MEANS THAT THE CONTENTS SHOULD NOT BE DISCUSSED WITH OTHERS AND NO COPIES SHOULD BE MADE.

7. **Exempt Minutes (Pages 11 - 12)**

To approve the exempt minutes of the meeting held on 8 May 2019 and to receive information arising from them.

8. **Petitions and Public Address**

9. Statement of Accounts 2018/19 (Pages 13 - 16)

2.10pm

Report by the Director of Finance (**Annexes to Follow**)

The Accounts and Audit Regulations 2015 require the Director of Finance to publish the unaudited Statement of Accounts 2018/19 no later than 31 May 2019 and certify that they give a true and fair view of the County Council's financial position and income and expenditure for the year. This was achieved on 31 May 2019 and the unaudited accounts were published on the Council's website for public inspection. The Regulations require the Statement of Accounts to be considered by a committee of the Council by 31 July 2019 and, following that consideration, to be approved by resolution of that committee. This report presents the accounts to the Audit & Governance Committee for consideration and approval, with the findings of the audit available in Ernst & Young LLP's audit results reports.

The Committee is RECOMMENDED to:

- a) **Consider and approve the Statement of Accounts 2018/19 at Annex 1;**
- b) **Note the Summary Accounts 2018/19 at Annex 2;**
- c) **Agree that no changes are required to the Annual Governance Statement, previously approved by the Committee on 8 May 2019;**
- d) **Consider and approve the Letter of Representations 2018/19 for the Oxfordshire County Council accounts at Annex 4;**
- e) **Consider and approve the Letter of Representations 2018/19 for the Oxfordshire Pension Fund accounts at Annex 5;**
- f) **Agree that the Director of Finance, in consultation with the Chairman of the Committee (or Deputy Chairman in his absence), can make any further changes to the Statement of Accounts 2018/19 and / or letters of representation that may arise during completion of the audit.**

10. External Auditors (Pages 17 - 48)

2.40pm

Representatives from the external auditors Ernst & Young will attend to present the following items:

- Oxfordshire County Council Audit Results Report (To Follow)
- Oxfordshire Pension Fund Audit Results Report

11. Treasury Management Outturn 2018/19 (Pages 49 - 66)

3.00pm

Report by the Director of Finance

The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management (Revised) 2009' requires that the Council and Audit & Governance Committee receives an updated report on Treasury Management activities at least twice per year. This report is the second report for the financial year 2018/19 and sets out the position as at 31 March 2019. The report will be also considered by Cabinet on 16 July.

The Committee is RECOMMENDED to note the report, and to RECOMMEND Council to note the Council's Treasury Management Activity in 2018/19.

12. Oxford Direct Services work arrangement (Pages 67 - 76)

3.20pm

Presentation on the Oxford City Council Agency Agreement for highway maintenance in the city area.

13. Review of Corporate Security (Pages 77 - 82)

3.50pm

This will be a presentation by the Director for Property, Investment and Facilities Management.

14. Counter Fraud Strategy and Plan for 2019/20 (Pages 83 - 92)

4.20pm

Report by the Director of Finance

This report presents the Counter Fraud Strategy and Plan for 2019/20 and a review of activity from 2018/19.

The committee is RECOMMENDED to:

- a) note the summary of activity from 2018/19; and**
- b) comment and note the Counter Fraud Strategy and Plan for 2019/20.**

15. Internal Audit Charter (Pages 93 - 108)

4.40pm

Report by the Director of Finance

This report presents the Internal Audit Charter and Internal Audit Quality Assurance Programme for 2019/20. These are subject to annual review.

The Committee is RECOMMENDED to:

- a) **approve the Internal Audit Charter; and**
- b) **note the Quality Assurance and Improvement Programme.**

16. Audit Working Group Report (Pages 109 - 112)

4.50pm

Report by the Director of Finance

This report presents the matters considered by the Audit Working Group Meeting of 26 June 2019.

The Committee is RECOMMENDED to note the report.

17. Work Programme (Pages 113 - 114)

5.00pm

To review the Committee's work programme.

Close of meeting

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

AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 8 May 2019 commencing at 10.30 am and finishing at 4.40 pm

Present:

Voting Members: Councillor Nick Carter – in the Chair

Councillor Tony Ilott (Deputy Chairman)
Councillor Paul Buckley
Councillor Jeannette Matelot
Councillor Charles Mathew
Councillor D. McIlveen
Councillor Glynis Phillips
Councillor Les Sibley
Councillor Roz Smith
Dr Geoff Jones

By Invitation: Paul King, Janet Dawson and David Guest, Ernst & Young
Nigel Tipple, Chief Executive, Oxfordshire Local Enterprise Partnership
Steve White, Operations Director, Skanska

Officers:

Whole of meeting Lorna Baxter, Director for Finance; Sarah Cox, Chief Internal Auditor; Colm Ó Caomhánaigh, Committee Officer

Part of meeting

Agenda Item	Officer Attending
5	Tessa Clayton and Katherine Kitashima, Audit Managers
10,11	Nick Graham, Director of Law & Governance; Glenn Watson, Principal Governance Officer
13	Ben Threadgold, Policy and Performance Service Manager
15	Hannah Doney, Strategic Finance Manager (Accounting and Reporting)
17,19,21	Owen Jenkins, Director for Community Infrastructure
18	Grahame Mitchell, Assistant Chief Fire Officer; Paul Bremble, Strategic Risk and Assurance Manager
19	George Eleftheriou, Assistant Director Community Facility Management
21	Andrew Fairweather, Asset & Investment Team Manager; Ian Dyson, Assistant Chief Finance Officer (Assurance)

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

23/19 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

There were no apologies.

24/19 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

There were no declarations of interest.

25/19 MINUTES

(Agenda No. 3)

The minutes of the meeting on 6 March 2019 were approved and signed.

On item 19/19 Review of Effectiveness of Internal Audit, the Chairman noted that the minutes did not record a clear decision as to whether the Committee wanted the review to continue on a two or three-year basis. It was agreed to continue on a two-year basis for now.

26/19 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

Colm Ó Caomhánaigh stated that one application to speak had been received but it did not relate to any item on the agenda and was therefore refused.

Councillor Roz Smith asked that the Council's Democratic Services team look at the application form for speakers to ensure that it is clearer that requests to speak must relate to an item on the agenda.

27/19 ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2018/19

(Agenda No. 5)

Sarah Cox summarised the report and introduced the new Senior Auditor, Nigel Ford. She responded to issues raised by Members as follows:

- There is no guidance on standard language to use in giving the opinion on the Council's System of Internal Control. There is no higher rating than 'satisfactory'. In the past, a 'qualified' opinion was delivered when the Chief Internal Auditor was not entirely satisfied with the outcome.
- It was noted that the heading on the table on Agenda Page 17 should refer to 2018/19.
- Changes may be made to the Audit Plan during the year with the agreement of the Committee and the completion of the plan is measured against the amended plan not the original plan.

- A different external firm was used this year to provide extra resources for the internal audit. There were performance and quality issues with their work and there have been discussions about this with the company.
- The timing of the deferred audit on the Back-up and Recovery system in IT at Quarter 3 is related to the expected implementation of the new solution.

Members welcomed the report and asked the Chief Internal Auditor to pass on their thanks to her team.

RESOLVED: to endorse this annual report.

28/19 INTERNAL AUDIT STRATEGY & ANNUAL PLAN 2019/20

(Agenda No. 6)

Sarah Cox introduced the report. There will be more later in the year on the joint working with Cherwell District Council as that arrangement develops. She responded to Members' questions as follows:

- The internal audit function at Cherwell is outsourced which is normal for a district council.
- A framework has been agreed with an external company and other local authorities. It covers six years but the Council is not tied into it and can use other companies. The fees are agreed.
- The Council is also trying to 'grow its own' auditors to improve long-term sustainability.
- Regarding the IT system for Children's Services, this has changed in the last week. Capita is still involved but not for payments. There is a new module which can give better information on cost per child.
- The plan is based on filling the current vacancy. The plan is tight but there would be a request for more resources if it was thought necessary.
- The Audit Working Group will follow up on Section 106s at their meeting in June.

Councillor Glynis Phillips suggested asking all councillors for suggestions on the plan to improve understanding and ownership of it.

RESOLVED: to note the Internal Audit Strategy for 2019/20 and 2019/20 Internal Audit Plan.

29/19 AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT TO COUNCIL 2018

(Agenda No. 7)

The Chairman introduced the report and explained that the late-circulated revised version of the annual report arose out of the pre-meeting briefing where it was decided that some detail would be helpful on the issues the Committee looked at in response to internal audits report.

The revised version was emailed to Members at 4pm the day before the Committee meeting and printed copies of the changed pages were available at the meeting.

RESOLVED: to consider the Annual Report and suggest any additions or amendments.

30/19 REPORT FROM AUDIT WORKING GROUP

(Agenda No. 8)

Sarah Cox introduced the report and responded to Members' comments as follows:

- It is expected that the Director for Planning and Place will attend the June meeting of the working group to follow up on the Section 106 audit.
- There are still actions outstanding on security bonds. There will be a meeting next week to review and officers hope to be able to confirm completion at the next working group meeting.
- On Contingency Care, if all actions have not been implemented by the report in September then officers will be asked to attend at the working group.

RESOLVED: to note the report.

31/19 EXTERNAL AUDITORS

(Agenda No. 9)

Paul King gave a verbal update. He announced that he is leaving Ernst & Young at the end of May. He introduced Janet Dawson, a partner in the company, who will take over the audit from June.

Janet Dawson summarised her previous experience with Kent and Essex County Councils and London Boroughs. She also oversees the audit for Oxfordshire Clinical Commissioning Group and will soon be in charge of the Oxford City Council audit.

David Guest stated that there is no change to the timetable and the audit reports will be delivered at the July meeting of the Committee.

The Chairman and Members thanked Paul King for his attentiveness and good humour over the years that he has attended Committee meetings and wished him well in the future.

32/19 OXFORDSHIRE COUNTY COUNCIL AND CHERWELL DISTRICT COUNCIL PARTNERSHIP - REVIEW OF GOVERNANCE ARRANGEMENTS

(Agenda No. 10)

Nick Graham introduced the six month review of the Section 113 partnership agreement with Cherwell District Council. He summarised the four areas reviewed – the terms of the agreement; the decision-making process; the ethical walls arrangements and the scrutiny function.

Members raised various questions and Nick Graham responded as follows:

- On S106 agreements the County and District have different interests – not necessarily in conflict – but two separate solicitors are engaged to represent each.

- The Growth Deal is listed as a potential conflict area to be watched.
- There are already processes for 'dual hatter' councillors to deal with conflicts of interest.
- Officers will circulate information about Item 7 on page 112 Howes Tunnel later.
- The employer has not changed for any staff – where shared, they are loaned to the other authority.
- Most employees are appointed by officers but senior positions are normally appointed by the Remuneration Committee. Where shared the role is delegated to the Joint Committee.
- Complications for shared employees include dual email addresses, security access, regulatory enforcement, separate line managers.
- Shared costs for lawyers are determined by timesheet whereas other officers estimate the breakdown based on other factors including size of undertaking.
- The Head of HR has been appointed since the report was written.

RESOLVED: to endorse the review of the partnership governance outlined in this report.

33/19 ANNUAL GOVERNANCE STATEMENT 2019-20

(Agenda No. 11)

Nick Graham introduced the report. Officers responded to issues raised by Members as follows:

- The delay in some actions under Mental Health (Agenda Page 116) is related to delivery of social care for people of working age. Progress will be monitored over the summer.
- The review of Corporate Security (Agenda Page 120) has only just begun due to the problems created by the Carillion collapse. It has been carried over to this year's action plan. The shortage of staff in Facilities Management is a factor – recruitment has been a challenge.
- Regarding the delay in developing a refreshed Procurement Strategy and Policy (Agenda Page 124), there was no Head of Procurement until March. The procurement cycle is being reviewed under the transformation programme. While the outcome has been delayed there will be a comprehensive strategy in the end.
- Some officers have been trained in Contract Management Skills (Agenda Page 125) but it has not been completed across the organisation.
- A paper is being produced on the effective use and management of the Council's properties (Agenda Page 122) and it is expected that it will include an action plan.
- The SIPFA guidance requires the Monitoring Officer to give a conclusion. It is the Leader of the Council and the Chief Executive who sign off on it.
- The report of the recent peer review is currently with the Chief Executive.

The Chairman asked for the review of corporate security to be an item for the next meeting of the Committee given the urgency of the issue.

RESOLVED: to approve the Annual Governance Statement 2018/19, 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.

34/19 REPORT FROM TRANSFORMATION SUBCOMMITTEE

(Agenda No. 12)

The Chairman, who is also Deputy Chairman of the Transformation Subcommittee, summarised the report from the second meeting of the Subcommittee. The next meeting in July will examine the IT health check.

RESOLVED: to note the report.

35/19 ANNUAL SCRUTINY REPORT

(Agenda No. 13)

Ben Threadgold introduced the report. He asked the Committee to note that the co-option of Anita Higham to the Health Overview and Scrutiny Committee from September 2018 (Agenda Page 165, paragraph 6.23) has yet to be confirmed as a potential conflict of interest relating to her membership of other bodies needs to be resolved.

Members made the following suggestions:

- the Performance Scrutiny Committee (PSC) needs to make better use of the annual session with the Chief Constable and the Police and Crime Commissioner with the areas to be discussed outlined in advance.
- although the recommendations from the Cabinet Advisory Group looking at Home to School Transport will go to Cabinet, the PSC should request a report on the item given that this issue had been subject to a Call-in.
- it was noted that there were inconsistencies in how the forward plans of the various scrutiny committees were presented in the report.

The Chairman asked about the expected timespan of Horton HOSC. Ben Threadgold stated that it would continue only for the duration of the consultation process but there was no fixed timescale for that.

RESOLVED: to comment on the report prior to its presentation to Council for approval.

36/19 ACCOUNTING POLICIES FOR PREPARATION OF THE STATEMENT OF ACCOUNTS AND THE APPROACH TO THE NARRATIVE STATEMENT

(Agenda No. 15)

The report was introduced by Hannah Doney. The new format for the Notes to the Core Financial Statements is designed to be better for computer screens which is how most people view the document now. The notes cover just 11 pages this year compared to 18 last year as part of the policy to make it more accessible.

Members raised a number of issues and Hannah Doney responded as follows:

- The £2,000 de minimis for schools local capital spend has not changed in the last few years though these figures are reviewed each year.
- The notes apply to the current financial year (2019/20).
- Cash bonds do not appear in reserves because they are not the Council's money but there is a matching liability. The auditors are content with the way cash bonds are treated in the accounts.

The Narrative Statement will be circulated to the Members of the Committee in draft form on 17 May 2019 and they will have seven days to respond.

RESOLVED: to

- a) **note the report;**
- b) **ratify the accounting policies as approved by the Chief Finance Officer and included as an appendix to this report; and**
- c) **note the content and timetable for the 2018/19 narrative report.**

37/19 GOVERNANCE OF THE OXFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP

(Agenda No. 16)

Nigel Tipple, Chief Executive of OxLEP, gave a presentation on the Partnership's governance. He responded to issues raised by Members as follows:

- Currently AGMs are open to the public but all Board meetings will be open from September and will take place in different locations around the county.
- Currently five of the 18 members of the Board are female. By March 2020 one third of Board members must be female and by 2023 it must be 50:50.
- Lack of age diversity is also a problem with most members over 50 and all over 40.
- There are Community Employment Plans to identify skill needs and provide training. Apprentice ambassadors have also been appointed to promote that option.
- OxLEP is working with health organisations to promote jobs in the health and social care sectors as career paths.
- Generally, the jobs created pay well above the Living Wage but grants cannot be made dependent on this as the criteria are set by others. This could be discussed in the next consultation round.
- The graph on Success by Sector is based on figures for 2017/18 and the proportion for the retail sector is skewed for that year due to the opening of the Westgate Centre and developments in Bicester Village.
- OxLEP is pushing for the geographical ring-fencing of apprenticeship funds so that unused funds can be used locally.

- With regard to the proposed Oxford-Cambridge Expressway, OxLEP have asked that greater consideration be given to the “last-mile” issues i.e. how traffic gets from the Expressway to the local destination.
- Confidential issues are sometimes discussed in a “pre-meet” before the board meeting. The schedule of meetings can be circulated to all councillors.

The Chairman thanked the Chief Executive for his presentation and for coming to the Committee to discuss governance of OxLEP.

38/19 HIGHWAYS UPDATE

(Agenda No. 17)

Owen Jenkins presented the report and, along with Simon White, Operations Director Skanska, responded to questions from Members as follows:

- The remaining issues (Agenda Page 178) with the contract should be resolved by the end of June. Skanska put significant resources into solving the problems at no cost to the County Council.
- Officers are confident that, while targets have been missed in the past, the next three months will demonstrate that the system is compliant. All milestones have been hit in the last six months.
- In the high level review all looks correct but there will now be a detailed check.
- Profit payments are made to Skanska dependent on key indicators. They have qualified for around 70-80% of the total available payments in recent years.

RESOLVED: to note progress to date.

39/19 OXFORDSHIRE FIRE AND RESCUE SERVICE STATEMENT OF ASSURANCE 2018/19

(Agenda No. 18)

Grahame Mitchell introduced the report. Officers responded to Members’ questions as follows:

- Personnel specially trained to operate in the ‘warm zone’ in terrorist incidents will be equipped with ballistic protection.
- Relations with the Fire Brigades Union are very good as both organisations share the same values. They have been particularly helpful with Health and Safety issues.
- The service has a duty to investigate the cause of incidents but doesn’t attribute blame. Follow-up actions are taken when necessary.
- The service recognises that a lot of buildings are reaching the end of being fit-for-purpose. Assets are being modelled with a view to creating a 2050 Vision which will involve a stepped approach. The Chipping Norton building is shared and this may be the way forward in a lot of cases.

Members particularly noted the figures on Agenda Page 202 which show how efficient OFRS is when benchmarked against other services in the region. The Chairman asked that greater publicity be given to this. Grahame Mitchell noted that

the report from the inspectors will be available soon and that will provide an opportunity to promote the service.

RESOLVED: to approve the report.

40/19 CARILLION RECOVERY PLAN UPDATE

(Agenda No. 19)

Owen Jenkins and George Eleftheriou gave a verbal update on the current status of the recovery from the collapse of Carillion and responded to Members' questions:

- The Property and Facilities Management (FM) sections have been brought together again under the Assistant Director for Community Facilities Management in the last two months.
- £2m was allocated to deal with urgent issues of which £1.2m has been spent. Health & Safety impacts were prioritised and some of the spend covered survey costs.
- Surveys have been completed but have thrown up some issues that require further survey work.
- 602 items have been identified. 440 are estimated to cost less than £20,000. Some are being handled by FM and some have been contracted out. Officers can give a further update in the autumn.
- The 602 items include "snag lists" that had already been compiled by Carillion.
- The recovery plan is expected to be a three year project.

41/19 EXEMPT ITEM

(Agenda No. 20)

RESOLVED: that the public be excluded for the duration of Item 21 in the Agenda since it is likely that if they were present during that discussion there would be a disclosure of "exempt" information as described in Part I of Schedule 12A to the Local Government Act, 1972 and specified below the item in the Agenda and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

42/19 CARILLION LEGACY PROGRAMME - NEGOTIATION ACTIVITY

(Agenda No. 21)

The Committee considered a report from the Director of Community Operations on the main issues arising from the negotiation activity on the Carillion Legacy Programme.

The public was excluded during this item because its discussion in public was likely to lead to the disclosure to members of the public present of information in the following prescribed categories:

- 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, in that the disclosure could affect the negotiations with the liquidators of Carillion.

RESOLVED: to note the content of the report.

43/19 WORK PROGRAMME

(Agenda No. 22)

It was agreed to add the following items to the work programme:

- 11 September: add Oxford Direct Services audit
- 13 November: add Highways Update

..... in the Chair

Date of signing

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Division(s):

AUDIT AND GOVERNANCE COMMITTEE – 17 July 2019

STATEMENT OF ACCOUNTS

Report by Director of Finance

RECOMMENDATION

1. **The Audit and Governance Committee is RECOMMENDED to**
 - (a) **Consider and approve the Statement of Accounts 2018/19 at Annex 1;**
 - (b) **Note the Summary Accounts 2018/19 at Annex 2;**
 - (c) **Agree that no changes are required to the Annual Governance Statement, previously approved by the Committee on 8 May 2019;**
 - (d) **Consider and approve the Letter of Representations 2018/19 for the Oxfordshire County Council accounts at Annex 4;**
 - (e) **Consider and approve the Letter of Representations 2018/19 for the Oxfordshire Pension Fund accounts at Annex 5;**
 - (f) **Agree that the Director of Finance, in consultation with the Chairman of the Committee (or Deputy Chairman in his absence), can make any further changes to the Statement of Accounts 2018/19 and / or letters of representation that may arise during completion of the audit.**

Executive Summary

2. The Accounts and Audit Regulations 2015 require the Director of Finance to publish the unaudited Statement of Accounts 2018/19 no later than 31 May 2019 and certify that they give a true and fair view of the County Council's financial position and income and expenditure for the year. This was achieved on 31 May 2019 and the unaudited accounts were published on the Council's website for public inspection. The Regulations require the Statement of Accounts to be considered by a committee of the Council by 31 July 2019 and, following that consideration, to be approved by resolution of that committee. This report presents the accounts to the Audit & Governance Committee for consideration and approval, with the findings of the audit available in Ernst & Young LLP's audit results reports.

Statement of Accounts

3. The Statement of Accounts 2018/19 is attached at Annex 1. This version includes changes made to the unaudited accounts as agreed with the auditors as set out below and in Annex 3.

4. The accounts have been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 'Code'). An introduction to the statement of accounts is included in the Narrative Report by the Director of Finance, together with commentary on the Council's financial position and economy, efficiency and effectiveness in its use of resources over the financial year.
5. The statement of accounts contains the Expenditure and Funding Analysis note, followed by the four primary financial statements: the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet and the Cash Flow Statement, together with accompanying notes. The statement of accounts also includes the Firefighters Pension Fund Accounts and the Oxfordshire Local Government Pension Fund Accounts.
6. The Annual Governance Statement is included in the statement of accounts document for completeness, as it is required to be published alongside the accounts and narrative report. The Audit & Governance Committee approved the 2018/19 Annual Governance Statement at its meeting on 8 May 2019, there are no issues being highlighted by the auditors that require any additional review of the Statement.
7. There have not been any significant changes to the preparation of the Statement of Accounts for 2018/19.

Summary Accounts

8. The Summary Accounts 2018/19 (Annex 2) provide a simplified presentation of the financial position of the Council and its income and expenditure for the year. These have been made available to members of the public alongside the unaudited Statement of Accounts on the Council's website.

Changes to the unaudited accounts

9. Annex 3 sets out the agreed changes which have been made during the audit to the unaudited accounts published on 31 May 2019 and the rationale for the changes.
10. There have been two significant changes:
 - Valuation of the Net Pensions Liability
 - Designation of Strategic Pooled Funds on transition to IFRS 9

Unadjusted differences

11. An unadjusted difference is reported when auditors identify a misstatement that has not been adjusted by management which falls above the misstatement materiality of £0.875m but below the overall materiality assessment of £17.4m.

12. It is not expected that any unadjusted differences will be reported for 2018/19. However, as the audit has not concluded there is a possibility that an unadjusted difference could arise.
13. If this arises, the Letter of Representations must include managements rationale for not correcting the misstatement and be approved by the Audit and Governance Committee.

Letters of Representations

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

Objection to the 2016/17 accounts

15. An objection to the 2016/17 Pension Fund accounts concerning the management of risk posed by the Fund's investment in fossil fuels has also not been concluded.
16. No objections have been raised to the 2018/19 accounts.
17. The auditors have confirmed that even if the outstanding objection was resolved in the objector's favour it would not affect the statement of accounts. However, until the objection has been finalised, the auditors are not able to conclude the 2016/17 and 2017/18 audits. This also means that they are not able to issue the audit completion certificate at the same time as the audit opinion for 2018/19 and this will remain outstanding until the objection relating to 2016/17 is resolved.

Conclusion

18. It is anticipated that the auditors will issue an unqualified opinion on the 2018/19 Statement of Accounts. Ernst & Young LLP's audit results reports set out that there are no amounts that have been identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31 March 2019.

LORNA BAXTER
Director of Finance

Background papers: None

Contact Officer: Hannah Doney
July 2019

This page is intentionally left blank

Oxfordshire Pension
Fund
Audit results report
Year ended 31 March 2019

5 July 2019

Page 17

EY

Building a better
working world

Agenda Item 10



5 July 2019

Dear Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit and Governance Committee. This report is intended solely for the use of the Audit and Governance Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We have substantially completed our audit of Oxfordshire Pension Fund for the year ended 31 March 2019. Subject to receiving the final documents listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3, before the statutory deadline of 31 July 2019.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report, or any other issues arising from our work with you, at the Audit and Governance Committee meeting on 17 July 2019.

Yours faithfully

Kevin Suter

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

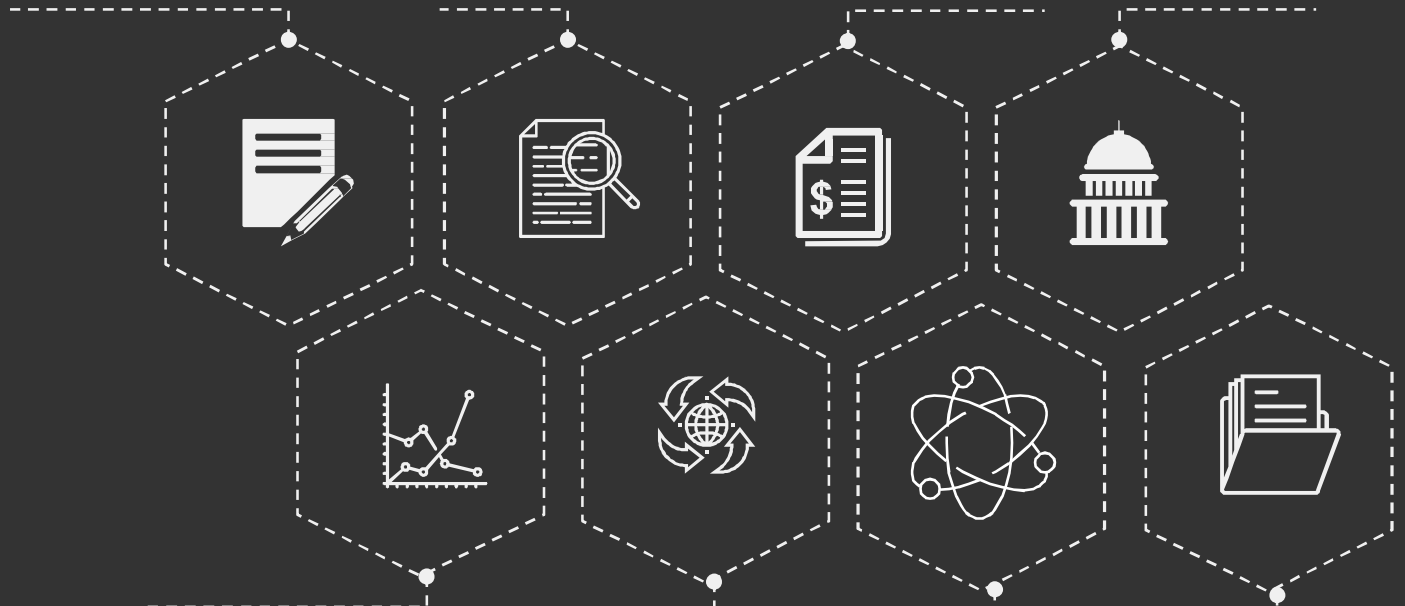
Contents

01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences



05 Other reporting issues

06 Assessment of Control Environment

07 Independence

08 Appendices

Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk). It is available from the Chief Executive of each audited body and via the PSAA website.

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

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

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



01 - Executive Summary

Scope update

In our audit planning report presented at the 9 January 2019 Audit and Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exception:

- Changes in materiality: We updated our planning materiality assessment using the draft financial statements. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £25.1m (Audit Planning Report – £23.6m). This results in updated performance materiality, at 75% of overall materiality, of £18.9m, and an updated threshold for reporting misstatements of £1.26m.
- Changes in risks: In our Audit Planning Report, we communicated our significant risk of management override, focusing on inappropriate posting of investment valuation, and an inherent risk around the valuation of complex investments, especially in a context of market volatility. Following receipt of the draft accounts and undertaking our work during the audit, the risks remain consistent with our initial assessment.

Status of the audit

We have substantially completed our audit of the Pension Fund's financial statements for the year ended 31 March 2019 and have performed the procedures outlined in our audit planning report. Subject to satisfactory completion of the following items, we expect to issue an unqualified opinion on the Oxfordshire Pension Fund's financial statements in the form which appears at Section 3.

- Confirmation of final level 3 investment balances
- Completion of subsequent events review
- Receipt of the signed management representation letter
- Final review of the updated financial statements and annual report following audit.

In addition to the above, there is an ongoing national issue which may require a late change to the pension fund accounts and IAS26 fund liability disclosure. It relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. The draft pension fund accounts have recognised this matter as a contingent liability. However, since the year-end there has been some movement in the understanding and assessment of the likely outcome and in the potential impact of any outcome, which could lead to the need for a re-assessment of the scheme liabilities under IAS26, together with supporting disclosure notes. We will continue to liaise with officers on the outcome of this matter.

Audit differences

There are no unadjusted differences arising from our audit. However our work on the impact of the recent McCloud judgement at the end of June has not yet been concluded.

We have identified a small number of audit differences in disclosures which have been adjusted by management. These all fall below the level at which we need to report them to you.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Governance Committee.



01 - Executive Summary

Areas of audit focus

Our audit planning report identified key areas of focus for our audit of Oxfordshire Pension Fund's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues
- You agree with the resolution of the issue
- There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Governance Committee.

Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and that is unknown to you.

We have adopted a fully substantive approach, so have not tested the operation of controls.

Other reporting issues

We have no other matters to report.

Independence

Please refer to Section 7 for our update on Independence. There are no relationships from 1 April 2018 to the date of this report which we consider may reasonably be thought to bear on our independence and objectivity.



02 - Areas of Audit Focus

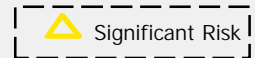
Significant risk

Risk of management override

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.



Page 22

What did we do and what judgements did we focus on?

We:

- ▶ tested journals at year-end to ensure that there were no unexpected or unusual postings.
- ▶ reviewed accounting estimates for evidence of management bias.
- ▶ looked for and investigated any unusual transactions

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We did not identify any other transactions during our audit which appeared unusual or outside the Pension Fund's normal course of business.



02 - Areas of Audit Focus

Significant risk

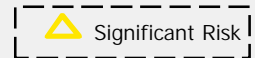
Risk of manipulation of Investment valuation

What is the risk?

Investment valuations and investment income are manually input on the GL, so it would be possible to manipulate the valuation of investments and the resulting investment income, specifically through posting journals inconsistent to the valuation data provided to the fund.

We reconsidered our risk after the interim audit visit and on presentation of the draft financial statements. We clarified our risk assessment to focus on the valuations and associated journal postings, rather than the investment income. We have rebutted the presumption of fraud in revenue recognition.

Total net assets of the Fund available:
£2,514,650,000



Page 23

What did we do and what judgements did we focus on?

- ▶ Tested journals at year-end to ensure there were no unexpected or unusual postings.
- ▶ Undertook a review of reconciliations to the fund manager, custodian and valuer reports and investigated any reconciling differences.
- ▶ Re-performed the detailed investment note using the reports we have acquired directly from the custodian, valuer or fund managers.

What are our conclusions?

We did not identify any evidence of inappropriate accounting for investment values.



02 - Areas of Audit Focus

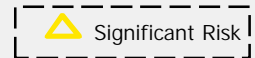
Significant risk

Valuation of complex investments

What is the risk?

The Fund's Investments include a significant balance of level 3 investments such as unquoted pooled investment vehicles and direct property investments. Judgements are taken by Investment Managers to value those investments whose prices are not publicly available.

Current market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. There is also a continued general economic uncertainty around Brexit which could also affect this judgement.



Page 24

What did we do and what management judgements did we focus on?

We:

- Considered the work performed by the Fund's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Reviewed control reports, where available, for fund managers to ensure no issues were raised regarding their pricing methods.
- Verified the valuations obtained to prime evidence, for example to audited accounts of the Level 3 investments, and if applicable subsequent adjustments where the accounts were not coterminous with the Pension Funds 31 March year-end.
- Tested that accounting entries have been correctly processed in the financial statements.

Our approach focused on comparing the changes in market value of harder to value investment assets. We paid particular attention to level 3 fair value hierarchy such as unquoted equities and private equity investments. These accounted for £111m in the 2017/18 statements which we used for planning and £130m in the 2018/19 financial statements.

What are our conclusions?

We concluded that the key assumptions used by the professional valuer and management were reasonable and consistent with that reported in the financial statements.



02 - Areas of Audit Focus

Other areas of audit focus

Transfer of assets to the Brunel Partnership

What is the risk?

Brunel Pension Partnership was set up by Oxfordshire Pension Fund and nine other pensions funds to oversee investment of pension fund assets and achieve savings over the longer term.

2018/19 was the first financial year with assets being transferred in exchange for units in the pooled fund.

There is a risk that the transfer of assets is not complete or that the rights and obligations associated with those assets have changed.

Page 25

What did we do and what management judgements did we focus on?

We reviewed:

- the arrangements the Pension Fund has over the transition.
- reconciliations and post-transition reports from third parties to obtain assurance over the completeness of the transfer
- the valuation of each individual asset and investigated any differences.

What are our conclusions?

We concluded that arrangements were reasonable and that we were able to gain assurance over the completeness and valuation of the transfer of assets to date.



02 - Areas of Audit Focus

Other areas of audit focus

Valuation of level 2 investments

What is the risk?

Level 2 investments include pooled funds and private equity investments, where fair value is based on observable inputs such as bid price in the market for similar instruments.

There is a risk that the comparable input are not appropriate and valuation could be misstated.

What did we do and what management judgements did we focus on?

We compared the listing of equity prices to an independent valuation obtained from EY's Investment Security Pricing where there are differences between the valuation from State Street and our recalculated value (using EY ISP). For pooled investments, we compared to publicly available market value information or used audited financial statements. We assessed the reasonableness of the fair value hierarchy.

What are our conclusions?

We concluded that arrangements were reasonable and that we were able to gain assurance over the valuation of level 2 investments.

Application of new IFRS standards

What is the risk?

The 2018/19 edition of the Code introduces two substantial new financial reporting standards; IFRS 9 and IFRS 15.

There is a risk that these new standards have not been appropriately implemented by the Pension Fund.

What did we do and what management judgements did we focus on?

We reviewed:

- management's assessment of the classification and measurement of financial assets under IFRS 9, including review of the new expected credit loss impairment model and new disclosure requirements
- Management's assessment of the impact on revenue recognition as a result of the adoption of IFRS 15 - Revenue from Contracts with Service Recipient

What are our conclusions?

We concluded that management's assessment of the impact of the new standards was reasonable.



03 - Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE PENSION FUND

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019 and the amount and disposition of the fund's assets and liabilities as at 31 March 2019; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



03 - Audit Report

Draft audit report

Our opinion on the financial statements

Other information

The other information comprises the information included in the Oxfordshire County Council Statement of Accounts 2018/19 and our auditor's report thereon. The Director of Finance is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



03 - Audit Report

Draft audit report

Our opinion on the financial statements

Responsibility of the Director of Finance

As explained more fully in the Statement of Responsibilities set out on page 20, the Director of Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Finance is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Pension Fund either intends to cease operations, or have no realistic alternative but to do so.

Page 29 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Oxfordshire County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



04 - Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We highlight any misstatements greater than £18.9 million which have been corrected by management during the course of our audit. There are no corrected misstatements to bring to your attention.

We report to you any uncorrected misstatements greater than our nominal value of £1.26 million. There are no uncorrected misstatements to bring to your attention.

Some minor disclosure amendments have been made which do not need to be brought to the Committee's attention.

There were no uncorrected misstatements. However our work on the impact of the recent McCloud judgement at the end of June has not yet been concluded.

Other reporting issues

Consistency of other information published with the financial statements.

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements.

Financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other reporting issues

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of Oxfordshire Pension Fund's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
 - Any significant difficulties encountered during the audit;
 - Any significant matters arising from the audit that were discussed with management;
 - Written representations we have requested;
 - Expected modifications to the audit report;
 - Any other matters significant to overseeing the financial reporting process;
- Related parties;
External confirmations;
Going concern; and
Consideration of laws and regulations.

We have nothing to report in respect of these matters except that we have recommended further information for Note 27c (Valuation of Financial Instruments Carried at Fair Value) be included in a table to aid readers of the statements. We mention here as we also recommended this in 2017/18.



06 - Assessment of Control Environment

Financial controls

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

As part of our audit of the financial statements, we obtained enough understanding of internal controls to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

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

Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning report dated January 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit and Governance Committee on 17 July 2019.

We confirm we have undertaken no non-audit work outside the PSAA Code requirements.

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Pension Fund, and its directors, senior management and affiliates, including all services provided by us and our network to your Pension Fund, its directors, senior management and affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity. This includes those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2018 to the date of this report which we consider may reasonably be thought to bear on our independence and objectivity.

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2018.

We confirm that we have not undertaken non-audit work outside the PSAA Code requirements

	Final Fee 2018/19	Planned Fee 2018/19	Scale Fee 2018/19	Final Fee 2017/18
	£	£	£	£
Total Audit Fee – Code work	24,063**	24,063**	18,563	31,896*

Page 35

* Includes an additional fee of £5,500 for IAS 19 assurance work on behalf of admitted bodies which has been approved by Public Sector Audit Appointments Limited (PSAA). It also includes extra fee of £1,672 for work on the change of custodian and £616 for re-running analytics after the initial information submitted was wrong.

** Includes a proposed additional fee of £5,500 for IAS19 assurance work on behalf of admitted bodies. This remains subject to approval by PSAA.

All fees exclude VAT.

Audit approach update




We are required to communicate whether there have been any changes to the audit of the net assets statement from the prior year audit. In 2018/19 we have again taken a fully substantive approach to the audit and there have been no significant changes to our approach.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Appendix B

Summary of communications




Date 	Nature 	Summary 
Throughout the year	Meetings, calls and e-mails	The Manager has been in regular contact with the Director of Finance and relevant finance staff on the Fund's risks, accounts closedown and the audit approach.
<ul style="list-style-type: none"> • 25/4/2018 committee • 25/7/2018 committee • 12/9/2018 committee • 14/11/2018 committee • 9/1/2019 committee • 6/3/2019 committee • 8/5/2019 committee 	Meetings and reports	<p>The Associate Partner and/or Manager have attended all meetings of the Audit and Governance Committee held during the year and through to the date of issue of this report.</p> <p>Specific reports issued and communications with the Audit and Governance Committee are detailed in Appendix C.</p> <p>Progress updates have been presented to each meeting, either verbally or in writing.</p>
<ul style="list-style-type: none"> • 14/11/2018 • 11/12/2018 • 5/2/19 • 4/3/2019 • 8/5/2019 	Meetings	<p>The Manager and Associate Partner have met regularly with the Director of Finance and relevant staff throughout the year to discuss the audit of both County Council and Fund matters up to the date of issue of this report.</p> <p>During the Pension Fund final accounts audit we engaged directly with Fund staff at least weekly.</p>

In addition to the above specific meetings and letters the audit team met with the management team throughout the audit to discuss audit findings.




Appendix C

Required communications with the Audit and Governance Committee

There are certain communications that we must provide to the audit committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Terms of engagement	Confirmation by the Audit and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	9 January 2019 Audit and Governance Committee - Audit Plan	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	9 January 2019 Audit and Governance Committee - Audit Plan	
Significant findings from the audit	<ul style="list-style-type: none"> • Our view on the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	17 July 2019 Audit and Governance Committee - Audit Results Report	




Appendix C

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Public Interest Entities / Major Local Audits	<p>For the audits of financial statements of public interest entities our written communications to the Audit and Governance Committee include:</p> <ul style="list-style-type: none"> • A declaration of independence • The identity of each key audit partner • The use of non-member firms or external specialists and confirmation of their independence • The nature and frequency of communications • A description of the scope and timing of the audit • Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits • Materiality • Any going concern issues identified • Any significant deficiencies in internal control identified and whether they have been resolved by management • Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to Audit and Governance Committee • Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof • The valuation methods used and any changes to these • The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework • The completeness of documentation and explanations received • Any significant difficulties encountered in the course of the audit • Any significant matters discussed with management • Any other matters considered significant 	<p>9 January 2019 Regulation, Audit and Accounts Committee – Audit Plan and</p> <p>17 July 2019 Audit and Governance Committee – Audit Results Report</p>




Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	17 July 2019 Audit and Governance Committee – Audit Results Report
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	17 July 2019 Audit and Governance Committee – Audit Results Report
Subsequent events	<ul style="list-style-type: none"> • Asking the Audit and Governance Committee where appropriate about whether any subsequent events have occurred that might affect the financial statements. 	17 July 2019 Audit and Governance Committee – Audit Results Report
Fraud	<ul style="list-style-type: none"> • Asking the Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Pension Fund • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Pension Fund, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to committee responsibility. 	17 July 2019 Audit and Governance Committee – Audit Results Report

Appendix C

		 Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Pension Fund's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Pension Fund 	<p>   17 July 2019 Audit and Governance Committee – Audit Results Report </p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2016:</p> <ul style="list-style-type: none"> • Relationships between EY, the company and senior management, its affiliates and its connected parties • Services provided by EY that may reasonably bear on the auditors' objectivity and independence • Related safeguards • Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees • A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit 	<p>9 January 2019 Regulation, Audit and Accounts Committee – Audit Plan and</p> <p>17 July 2019 Audit and Governance Committee – Audit Results Report</p>
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations

Appendix C

		Our Reporting to you
Required communications	 What is reported?	  When and where
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Asking the Audit and Governance Committee about possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	17 July 2019 Audit and Governance Committee – Audit Results Report
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	17 July 2019 Audit and Governance Committee – Audit Results Report
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations from management and/or those charged with governance 	17 July 2019 Audit and Governance Committee – Audit Results Report
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	17 July 2019 Audit and Governance Committee – Audit Results Report
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor’s report 	17 July 2019 Audit and Governance Committee – Audit Results Report
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	9 January 2019 Audit and Governance Committee – Audit Plan and 17 July 2019 Audit and Governance Committee – Audit Results Report

Management representation letter

Oxfordshire Pension Fund

Management Representation Letter

xx July 2019

Kevin Suter
Associate Partner
Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

Page 43

This letter of representations is provided in connection with your audit of the financial statements of Oxfordshire Pension Fund ("the Fund") for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2018 to 31 March 2019 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2019, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

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

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of

Management representation letter

the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions. We have approved the financial statements.

4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

5. As members of management of the Fund, we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 that are free from material misstatement, whether due to fraud or error.

6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with laws and regulations including fraud

1. We acknowledge that we are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have not made any reports to The Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.

5. There have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty.

6. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- Involving financial improprieties
- Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
- Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
- Involving management, or employees who have significant roles in internal control, or others
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. You have been informed of all changes to the Fund rules.

Management representation letter

3. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through 2018/19 to the most recent meeting of the Pension Panel on 29 April 2019 and Audit and Governance Committee on 17 July 2019.
5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
6. We confirm the completeness of information provided regarding annuities held in the name of the members of the management of the Fund.
7. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
8. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.
9. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities relating to litigation and claims, both actual and contingent, and have disclosed in Note 25 to the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. As described in Note 6 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Oxfordshire Pension Fund Annual Report 2018/19.
2. We confirm that the content contained within the other information is consistent with the financial statements.

Management representation letter

G. Independence

1. We confirm that, under section 27 of the Pensions Act 1995, no [members of the management of the Fund] of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

H. Derivative Financial Instruments

1. We confirm that the Fund has made no direct investment in derivative financial instruments.
2. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.

I. Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.

J. Actuarial valuation

1. The latest report of the actuary Hymans Robertson as at 31 March 2016 and dated 31 March 2017 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we have engaged to value the investments held by the Fund and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists

Management representation letter

Yours faithfully,

Lorna Baxter
Director of Finance

Cllr Nick Carter
Chairman of the Audit and Governance Committee

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE – 17 JULY 2019

TREASURY MANAGEMENT OUTTURN 2018/19

Report by Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the report, and to RECOMMEND Council to note the Council's Treasury Management Activity in 2019/20.**

Executive Summary

2. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management (Revised) 2009' requires that the Council and Audit & Governance Committee receives an updated report on Treasury Management activities at least twice per year. This report is the second report for the financial year 2018/19 and sets out the position as at 31 March 2019. The report will be also considered by Audit and Governance committee on 17 July.
3. Treasury management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
4. At 31 March 2019, outstanding debt totalled £345m and average interest paid on long-term debt was 4.42%. The Council repaid £24m of maturing PWLB loans during the year. No new borrowing was arranged during 2018/19 with either the Public Works Loan Board (PWLB) or through the money markets. The Council's debt financing position for 2018/19 is shown in Annex 1.
5. The Treasury Management Strategy for 2018/19 was based on an average base rate forecast of 0.63% (0.5% from April 2018 to September 2018, then 0.75% from October 2018 to March 2019). The budget for interest receivable assumed that an average interest rate of 0.75% would be achieved. The average daily balance of temporary surplus cash invested in-house was £368m in 2018/19.
6. The Council achieved an average in-house return for the year of 0.87%, producing gross interest receivable of £3.197m. In relation to external funds, gross distributions totalling £0.964m were realised in year, bringing total investment income to £4.161m. This compares to budgeted investment income of £3.250m, giving a net overachievement of £0.911m.
7. At 31 March 2019, the Council's investment portfolio of £439.349m comprised £269m of fixed term deposits, £40.113m in notice accounts, £29.231m at short term notice in money market funds and £101.005m in pooled funds with a variable net asset value. Annex 4 provides an analysis of the investment portfolio at 31 March 2019.

External Context – Provided by Arlingclose

8. **Economic background:** After spiking at over \$85/barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over \$50 in late December before steadily climbing toward \$70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.
9. After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.
10. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.
11. With the 29th March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including rejecting Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to ask the prime minister to seek an extension to the Brexit process beyond 12th April in order to avoid a no-deal scenario. The EU has granted an extension until 31st October and its leaders have been clear that the terms of the deal are not up for further negotiation. The ongoing uncertainty continues to weigh on sterling and UK markets.
12. While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be show signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.
13. **Financial markets:** December was a month to forget in terms of performance of riskier asset classes, most notably equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.
14. Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year

benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

15. Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. During March the US yield curve inverted (10-year Treasury yields were lower than US 3 month money market rates) and German 10-year Bund yields turned negative. The drivers are a significant shift in global economic growth prospects and subsequent official interest rate expectations given its impact on inflation expectations. Further to this is world trade growth which collapsed at the end of 2018 falling by 1.8% year-on-year. A large proportion of this downturn in trade can be ascribed to the ongoing trade tensions between the US and China which despite some moderation in January does suggest that the International Monetary Fund's (IMF) and Organisation for Economic Co-Operation & Development's (OECD) forecasts for global growth in 2019 of 3.5% might need to be revised downwards.
16. **Credit background:** Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points in December 2018, the spread on non-ringfenced bank NatWest Markets plc fell back to around 96bps at the end of March, while for the ringfenced entity, National Westminster Bank plc, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 33 and 79bps at the end of the period.
17. The ringfencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank plc) transferred their business lines into retail (ringfenced) and investment banking (non-ringfenced) entities.
18. In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and a number of government-related entities.
19. There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for the its senior unsecured debt and deposits.

Treasury Management Activity

Debt Financing & Maturing Debt

20. The Strategy for Long Term Borrowing included the option to fund new or replacement borrowing up to the value of £50m through internal borrowing to reduce the Council's exposure to credit risk and reduce the cost of carry (difference between borrowing costs and investment returns) whilst debt rates remained higher than investment interest rates.
21. No new borrowing was arranged during 2018/19 with either the Public Works Loan Board (PWLB) or through the money markets.

22. At 31 March 2019, the authority had 56 PWLB loans totalling £293.383m, 9 LOBO¹ loans totalling £45m and one £5m money market loan. The average rate of interest paid on PWLB debt was 4.50% and the average cost of LOBO debt in 2018/19 was 3.94%. The cost of debt on the money market loan was 3.95%. The combined weighted average for interest paid on long-term debt was 4.42%. The Council's debt financing position for 2018/19 is shown in Annex 1.
23. The Council continues to qualify for the Certainty Rate on PWLB loans, offering a 0.20% discount on the Standard Rate (currently gilts plus 1.00%). Qualification is based on provision of additional information on long-term borrowing and associated capital spending plans.
24. The Council repaid £24m of maturing PWLB loans during the year. The weighted average interest rate payable on the matured loans was 4.025%. The outturn for Interest Payable in 2018/19 was £15.6m which is in line with the budget in the Medium Term Financial Plan. The details are set out in Annex 2.

Investment Strategy

25. Security and liquidity of cash was prioritised above the requirement to maximise returns. The Council used fixed deposits, call accounts, notice accounts, money market funds and pooled funds to deposit its in-house cash surpluses during 2018/19. The Council continuously monitored credit quality information regarding the institutions on the Council's approved Lending List.
26. During 2018/19 the Council limited the exposure to banks by lending to local authorities. At 31 March 2019 the Council had £40m of long-term fixed deposits (deposits over 364 days), all of which were placed with local authorities. The aim was to maintain a high level of security and manage exposure to interest rate and counterparty risk.
27. The weighted average maturity of all deposits at 31 March 2019, including money deposited in short-term notice accounts, was 181 days (compared with 224 days during 2017/18). This comprised £269m fixed deposits with a weighted average maturity of 191 days, £30.1m in notice accounts with a weighted average maturity of 95 days and £39.25m invested in money market funds and call accounts with same day liquidity. The decrease in weighted average maturity was a strategic decision as a result of increased investments in external funds.
28. During the year, the Council increased investments in strategic pooled funds from £42.5m to £100m. The Council also withdrew its £19.5m investments in short dated cash plus funds.

The Council's Lending List

29. The Council's in-house cash balances are deposited with institutions that meet the Council's approved credit rating criteria. The approved Lending List is regularly updated during the year to reflect changes in bank and building society credit ratings. Changes are reported to the Cabinet on a regular basis as part of the Financial Monitoring & Business Strategy

¹ LOBO (Lender's Option/Borrower's Option) Loans are long-term loans which include a re-pricing option for the bank at predetermined intervals.

Delivery reports. The approved lending list may also be further restricted by officers, in response to changing conditions and perceived risk. Annex 3 shows the amendments incorporated into the Lending List during 2018/19, in accordance with the approved credit rating criteria and additional temporary restrictions.

Investment Outturn

30. The average daily balance of temporary surplus cash invested in-house was £368m in 2018/19. The Council achieved an average in-house return for the year of 0.87%, producing gross interest receivable of £3.197m. Temporary surplus cash balances include: developer contributions; council reserves and balances; trust fund balances; and various other funds to which the Council pays interest at each financial year end, based on the average three month London Interbank Bid (LIBID) rate.
31. During 2018/19 the average three month LIBID rate was 0.67%. The Council's average in-house return of 0.87% exceeded this benchmark by 0.20%. The average in-house return was 0.12% higher than the rate of interest of 0.75% assumed in the budget. The budgeted forecast was for UK Base Rate to rise from 0.50% to 0.75% in October 2018, however the Monetary Policy Committee raised rates in July 2018, slightly earlier than expected.
32. The Council operates a number of instant access call accounts and money market funds to deposit short-term cash surpluses. During 2018/19 the average balance held on instant access was £62.262m.
33. Gross distributions from pooled funds totalling £0.964m were realised in year, bringing total investment income to £4.161m. This compares to budgeted investment income of £3.250m, giving a net overachievement of £0.911m. The overachievement in income received was due to a combination of higher than forecast average cash balances, an increase in interest rates and large distributions and realised gains from pooled funds.
34. Divestment of short dated cash plus funds, and a change in investment in a strategic pooled fund means the Council was able to realise a one of in year gain of £2.942m which was taking to the General Fund in 2018/19. The 2018/19 accounts also recognise an increase in the value of external funds in Other Comprehensive Income of £0.365m.
35. As at 31 March 2019 the total value of pooled fund investments was £101.005m. This included an overall gain of £0.978m on the purchase value of the assets. Gains are held in Other Comprehensive Income and cannot be realised as investment income until the point at which fund units are sold.
36. At 31 March 2019, the Council's investment portfolio of £439.349m comprised £269m of fixed term deposits, £29.231m in notice accounts, £40.112m at short term notice in money market funds and call accounts and £101.005m in pooled funds with a variable net asset value (VNAV). Annex 4 provides an analysis of the investment portfolio at 31 March 2019.
37. The council's Treasury Management Strategy Team regularly monitors the risk profile of the Council's investment portfolio. An analysis of the credit and maturity position of the portfolio at 31 March 2019 is shown in Annex 4.

External Funds

38. The Council uses external fund managers and pooled funds to diversify the investment portfolio through the use of different investment instruments and markets. The Annual Investment Strategy for 2018/19 set out that up to 50% of the total portfolio can be invested with external fund managers and pooled funds, and in order to ensure appropriate diversification, these should be diversified between a minimum of two asset classes. During the last quarter of the financial year, the Council divested from short dated cash plus funds, and increased the total investment in external funds from £42.5m to £100m. The portfolio is split between four asset classes and eight funds, some individual funds have higher volatility, but due to the offsetting of the diversified portfolio, overall volatility is lower. The investment value and the value at 31 March 2019 are set out in the table below.

	Investment Value	Value at 31 March 2019
	£m	£m
<u>Property Funds</u>		
CCLA Local Authorities Property Fund	25.000	25.344
<u>Equities</u>		
Threadneedle Global Equity Fund	12.500	12.685
Schroder Income Maximiser	12.500	12.539
<u>Bond Funds</u>		
Threadneedle Strategic Bond Fund	12.500	12.925
M&G Strategic Corporate Bond Fund	12.500	12.409
<u>Multi Asset</u>		
Kames Diversified Income	10.000	10.143
Investec Diversified Income	10.000	9.967
CCLA Diversified Income	5.000	4.990
TOTAL	100.000	101.002

Prudential Indicators for Treasury Management

39. During the financial year, the Council operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Report. The outturn for the Prudential Indicators is shown in Annex 5.

External Performance Indicators and Statistics

40. The Council's treasury management advisors Arlingclose also benchmark the Council's investment performance against its other clients on a quarterly basis. The results of the quarter 4 benchmarking to 31 March 2019 are included in Annex 6.
41. The benchmarking results show that the Council was achieving higher than average interest on deposits at 31 March 2019, when compared with a group of 144 other local authorities.

This has been achieved by placing deposits over a longer than average duration with institutions that are of higher than average credit quality.

42. Oxfordshire had a higher than average allocation to local authority deposits when compared with other local authorities in the benchmarking exercise. Oxfordshire also had a notably lower than average exposure to money market funds, call accounts and the Debt Management Office's deposit account, and a higher than average exposure to Strategic Pooled Funds.

Financial and Legal Implications

43. This report is mostly concerned with finance and the implications are set out in the main body of the report.

Lorna Baxter
Director of Finance

Contact officer: Donna Ross
Telephone Number: 01865 816343
July 2019

OXFORDSHIRE COUNTY COUNCIL DEBT FINANCING 2018/19

	£'m
DEBT PROFILE	
1 PWLB	317.38
2 Money Market LOBO loans	45.00
3 Other Long term loans	5.00
4 Temporary Loans	0.00
5 Internal Balances	-14.27
6 ACTUAL DEBT AT 01.04.18	<u>353.11</u>
7 Government Supported Borrowing	0.22
8 Unsupported Borrowing	0.00
9 Borrowing in advance	0.00
10 Repayments -minimum revenue provision	8.25
11 TOTAL DEBT AT 31.3.19	345.08
DEBT REPAID	
12 PWLB Normally Maturing Loans	24.00
13 Early debt repayments	0.00
14 Total Debt Repaid	24.00
NEW EXTERNAL BORROWING	
15 PWLB New Borrowing	0.00
16 PWLB Replacement following Early Repayment	0.00
17 LOBO New Borrowing	0.00
18 Money Market New Borrowing	0.00
19 Total External Borrowing	0.00
YEAR END DEBT PROFILE	
21 PWLB	293.38
22 Other Long Term Loans	50.00
23 Temporary Loans (External)	0.00
24 Internal Balances	1.70
25 TOTAL YEAR END DEBT	<u>345.08</u>

Line

- 1-6. This is a breakdown of the Council's debt at the beginning of the financial year (1 April 2018). The PWLB is a government agency operating within the Debt Management Office. LOBO (Lender's Option/ Borrower's Option) loans are long-term loans, with a maturity of up to 60 years, which includes a re-pricing option for the bank at predetermined time intervals. Internal balances include provisions, reserves, revenue balances, capital receipts unapplied and excess of creditors over debtors.
7. 'Government Supported Borrowing' is the amount that the Council can borrow in any one year to finance the capital programme. This is determined by Central Government, and in theory supported through the Revenue Support Grant (RSG) system.
8. 'Unsupported Borrowing' reflects Prudential Borrowing taken by the authority whereby the associated borrowing costs are met by savings in the revenue budget.
9. 'Borrowing in Advance' is the amount the Council borrowed in advance during 2018/19 to fund future capital finance costs.
10. The amount of debt to be repaid from revenue. The sum to be repaid annually is laid down in the Local Government and Housing Act 1989, which stipulates that the repayments must equate to at least 4% of the debt outstanding at 1 April each year.
11. The Council's total debt by the end of the financial year at 31 March 2018, after taking into account new borrowing, debt repayment and movement in funding by internal balances.
12. The Council's normal maturing PWLB debt.
13. PWLB debt repaid early during the year.
14. Total debt repaid during the year.
15. The normal PWLB borrowing undertaken by the Council during 2018/19.
16. New PWLB loans to replace debt repaid early.
17. The Money Market LOBO borrowing undertaken by the Council during 2018/19.
18. The Money Market Fixed Rate borrowing undertaken by the Council during 2018/19.
19. The total external borrowing undertaken.
- 20-25. The Council's debt profile at the end of the year.

Long-term debt Maturing 2018/19

Public Works Loan Board: Loans Maturing in 2018/19

Date	Amount £m	Rate %	Repayment Type
22/11/2018	1.0	7.000	Maturity
22/11/2018	1.0	7.000	Maturity
14/06/2018	10.0	3.930	Maturity
31/08/2018	10.0	3.860	Maturity
13/07/2018	0.5	2.350	EIP
13/01/2019	0.5	2.350	EIP
31/07/2018	0.5	2.350	EIP
31/01/2019	0.5	2.350	EIP
Total	24.0		

Repayment Types

Maturity – Full amount of principal is repaid at the final maturity date

EIP – Equal Instalments of Principal are repaid every 6 months until the final maturity date

Lending List Changes during 2018/19

Lending limits & maturity limits changed from 1 April 2018

	01/04/2018		31/03/2019	
	Lending Limit	Maximum Maturity	Lending Limit	Maximum Maturity
Rabobank Group	£25m	13 months	£25m	6 months
Nordea Bank AB	£25m	13 months	£25m	6 months

Counterparties suspended from 1 April 2018

	Date Suspended
Credit Suisse	12/12/2018
Danske Bank	12/12/2018

Other Changes

Svenska Handelsbanken AB was restructured with Handelsbanken Plc

OXFORDSHIRE COUNTY COUNCIL INVESTMENT PORTFOLIO 31/03/2018

Fixed term deposits held at 31/03/2019

Counterparty	Principal Deposited (£)	Maturity Date
Walsall Council	£5,000,000.00	13-Dec-19
Northumberland County Council	£8,000,000.00	20-Dec-19
Liverpool City Council	£5,000,000.00	10-Jan-20
Liverpool City Council	£5,000,000.00	20-Jan-20
London Borough of Croydon Council	£5,000,000.00	3-Jul-20
Doncaster Metropolitan Borough Council	£5,000,000.00	10-Oct-19
Lancashire County Council	£5,000,000.00	21-Sep-20
Rugby Borough Council	£2,000,000.00	15-Jan-20
Monmouthshire County Council	£5,000,000.00	13-Nov-20
Barnsley Metropolitan Borough Council	£5,000,000.00	27-Nov-20
South Ayrshire Council	£5,000,000.00	15-Jan-20
Lancashire County Council	£5,000,000.00	1-Nov-19
Corby Borough Council	£2,000,000.00	25-Jun-19
United Overseas Bank	£5,000,000.00	26-Jun-19
Liverpool City Council	£5,000,000.00	20-Jul-20
Spelthorne Borough Council	£4,000,000.00	2-Jul-21
Doncaster Metropolitan Borough Council	£3,500,000.00	9-Jul-20
United Overseas Bank	£5,000,000.00	15-Jul-19
Lincoln City Council	£5,000,000.00	29-Jul-19
Slough Borough Council	£7,000,000.00	30-Jul-19
Rabobank Group	£5,000,000.00	31-Jul-19
London Borough of Croydon Council	£5,000,000.00	28-Aug-19
Lancashire County Council	£5,000,000.00	15-Jul-19
West Dunbartonshire Council	£5,000,000.00	16-Apr-19
Cambridgeshire County Council	£5,000,000.00	6-Sep-19
Liverpool City Council	£5,000,000.00	26-Apr-19
Southampton City Council	£5,000,000.00	15-Jul-19
North Ayrshire Council	£3,000,000.00	24-Jul-19
Rhondda Cynon Taf CBC	£5,000,000.00	8-Apr-19
Plymouth City Council	£5,000,000.00	24-Jul-19
Cambridgeshire County Council	£5,000,000.00	28-Jun-19
Surrey County Council	£5,000,000.00	17-Jun-19
DBS Bank (Development Bank of Singapore)	£5,000,000.00	3-Apr-19
Plymouth City Council	£5,000,000.00	8-Aug-19
Wokingham Borough Council	£5,000,000.00	3-Jun-19
Thurrock Council	£5,000,000.00	31-Jul-19
Surrey County Council	£5,000,000.00	15-May-19
Birmingham City Council	£5,000,000.00	29-May-19
North Lanarkshire Council	£5,000,000.00	28-May-19
South Ayrshire Council	£5,000,000.00	23-May-19
Lloyds Bank plc	£6,000,000.00	14-May-19
Rotherham Metropolitan Borough Council	£10,000,000.00	3-May-19
Australia and New Zealand Banking Group	£5,000,000.00	16-May-19

Plymouth City Council	£5,000,000.00	13-Jun-19
Cambridgeshire County Council	£5,000,000.00	4-Dec-19
Darlington Borough Council	£5,000,000.00	29-Jan-21
Eastleigh Borough Council	£5,000,000.00	16-Dec-19
West Dunbartonshire Council	£6,000,000.00	18-Dec-19
The Highland Council	£5,000,000.00	4-Sep-19
Birmingham City Council	£5,000,000.00	2-Apr-19
London Borough of Barking and Dagenham	£5,000,000.00	28-May-19
London Borough of Newham	£5,000,000.00	1-Jul-19
Uttlesford District Council	£2,500,000.00	6-Jul-20
Close Brothers Ltd	£5,000,000.00	27-Sep-19

Total £269,000,000.00

Money Market Funds

Counterparty	Balance at 31/03/19 (£)	Notice period
Aberdeen Liquidity Fund	17,231,534.54	Same day
Federated Sterling Liquidity Funds	12,000,000.00	Same day
Total	29,231,534.54	

Notice / Call Accounts

Counterparty	Balance at 31/03/19 (£)	Notice period
Barclays 100 Day Notice	14,800,000.00	100 days
Barclays Current	298,763.22	Same day
Santander 95 Day Notice	15,000,000.00	95 days
Handlesbanken	10,013,991.15	Same day
Total	40,112,754.37	

Strategic Bond Funds

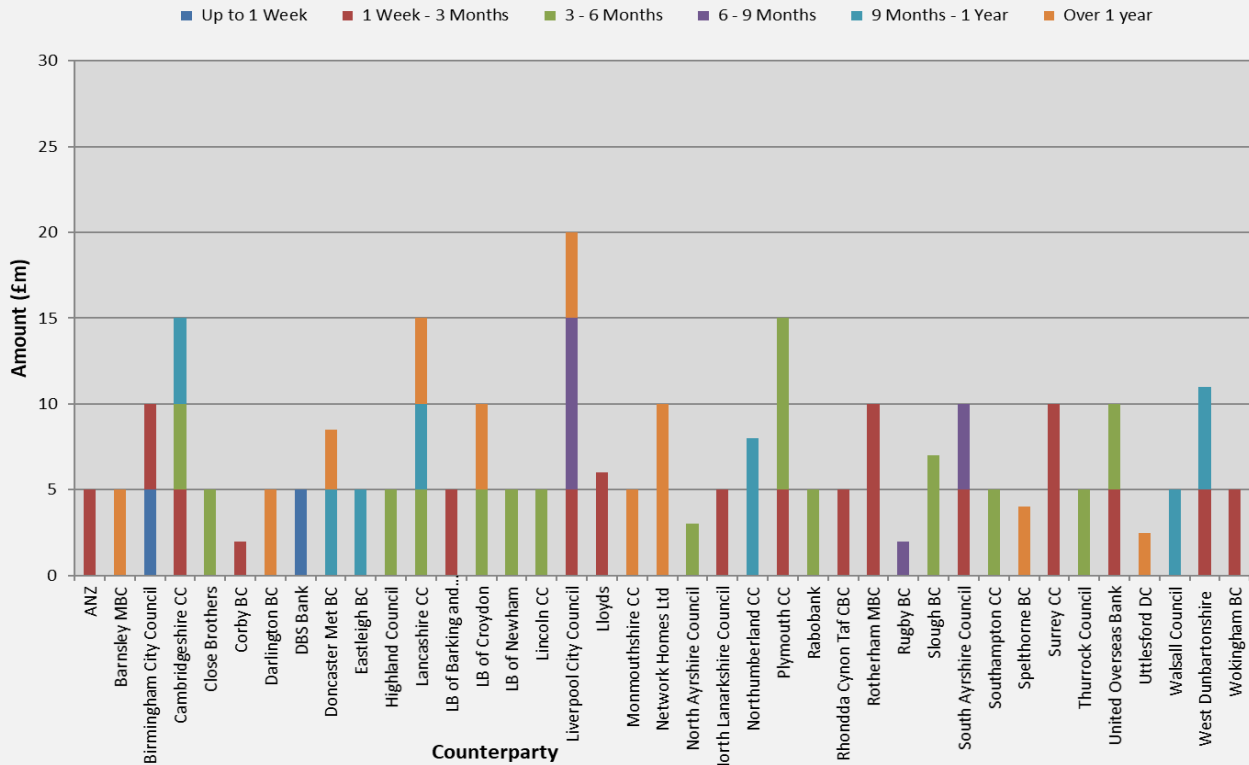
Fund	Balance at 31/03/18 (£)	Notice period
Threadneedle strategic bond fund (income)	12,925,054.85	4 days
Threadneedle Global Equity Income Fund	12,685,892.98	4 days
Kames Diversified Income	10,143,282.47	4 days
Investec Diversified Income	9,967,424.32	4 days
M&G Strategic Corporate Bond Fund	12,409,218.45	4 days
Schroder Income Maximiser	12,539,246.47	4 days
CCLA Diversified Income Fund	4,990,579.83	4 days
Total	75,660,699.37	

Property Funds

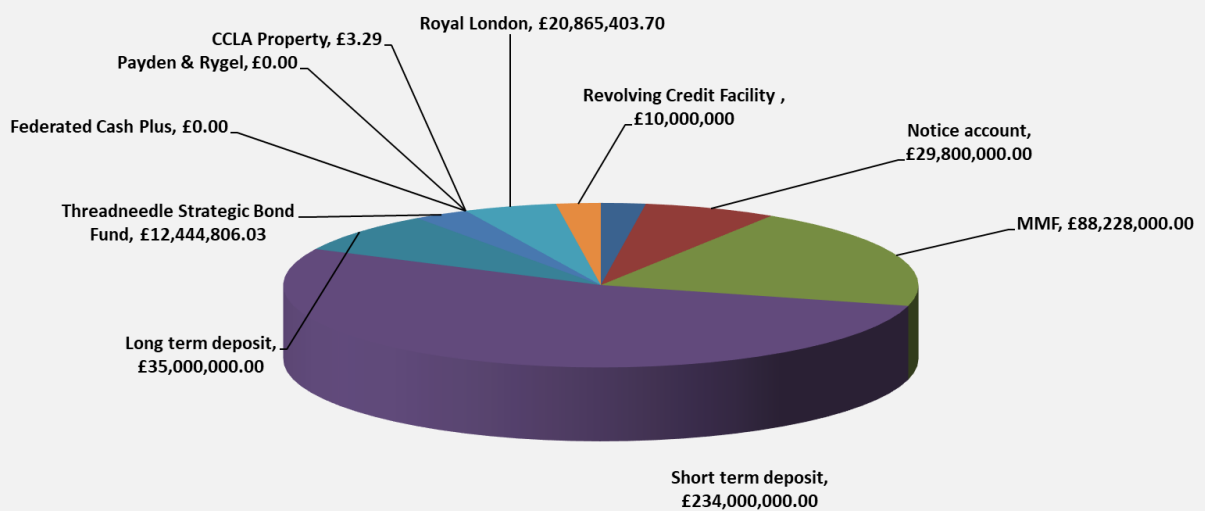
Fund	Balance at 31/03/18 (£)	Notice period
CCLA Local Authorities Property Fund	25,344,512.88	Monthly
Total	25,344,512.88	

Investment portfolio risk profile at 31/03/19

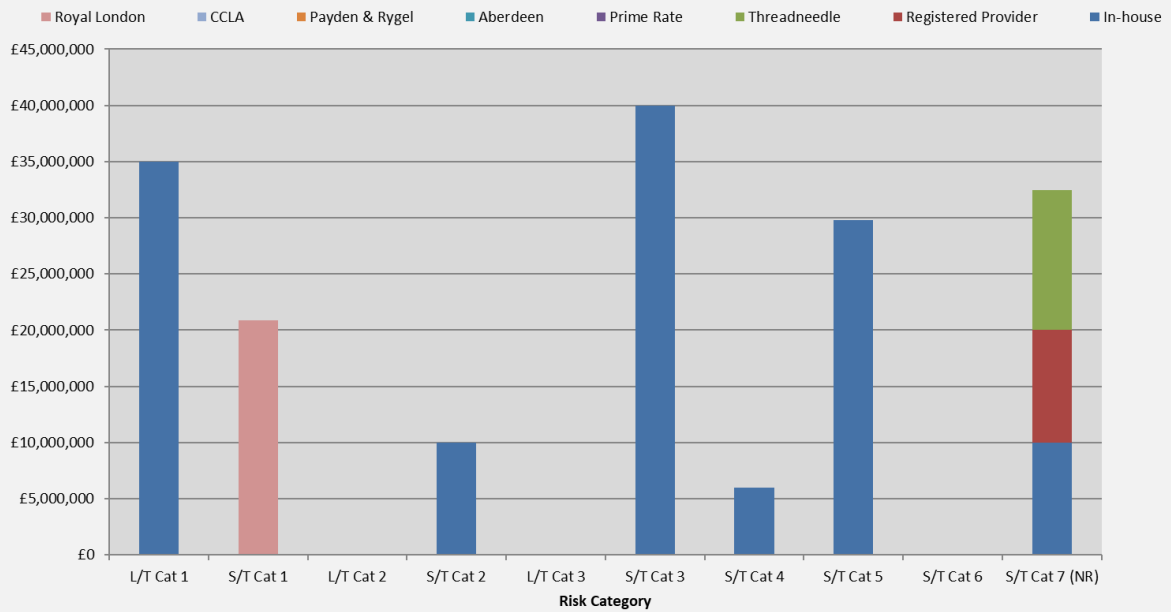
Fixed Deposit Maturity Profile as at 31.03.2019



Total Combined Portfolio as at 31.03.2019



Risk Profile - Total Combined Portfolio as at 31.03.2019



Risk Category	L/T rating	S/T rating
1 (Including Local Authorities)	AA+, AA	F1+
2	AA-	F1+
3	AA-	F1+
4	AA-	F1+
5	A+, A	F1
6	A	F1

Based on Fitch Ratings

Prudential Indicators Outturn 31 March 2019**Authorised and Operational Limit for External Debt**

Authorised Limit for External Debt	£455,000,000
Operational Limit for External Debt	£435,000,000
Actual External Debt at 31 March 2019	£366,243,618

Fixed Interest Rate Exposure

Fixed Interest Net Borrowing limit	£350,000,000
Actual at 31 March 2019	£29,382,618

Variable Interest Rate Exposure

Variable Interest Net Borrowing limit	0
Actual at 31 March 2019	- £102,488,501

Sums Invested over 364 days

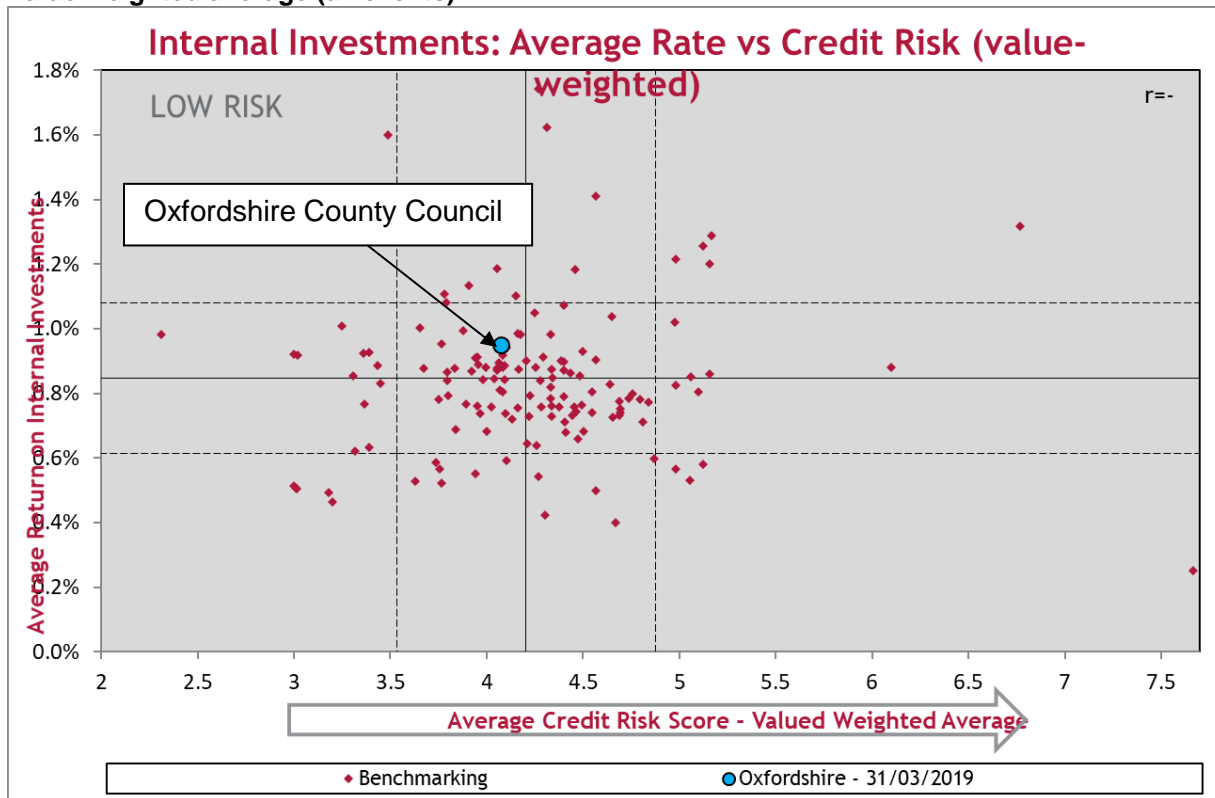
Total sums invested for more than 364 days maximum limit	£85,000,000
Actual sums invested for more than 364 days at 31 March 2019	£40,000,000

Maturity Structure of Borrowing at 31/03/18

	Limit %	Actual %
From 01/04/18		
Under 12 months	0 - 20	7.86
12 – 24 months	0 - 25	3.20
24 months – 5 years	0 - 35	16.31
5 years – 10 years	5 - 40	20.09
10 years +	50 - 95	52.53

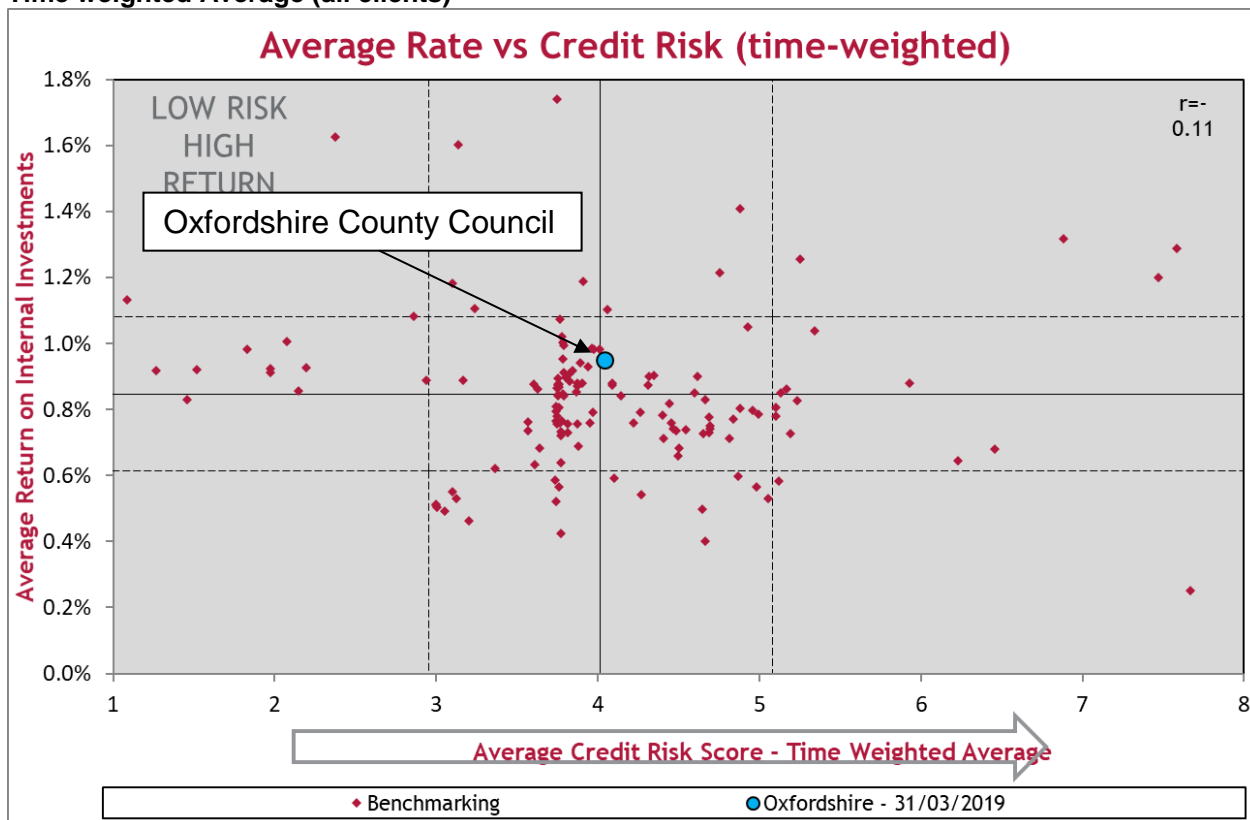
The Prudential Indicators for maturity structure are set with reference to the start of the financial year. The actual % shown above relates to the maturity period remaining at 01/04/18 on loans still outstanding at 31/03/19.

Value weighted average (all clients)



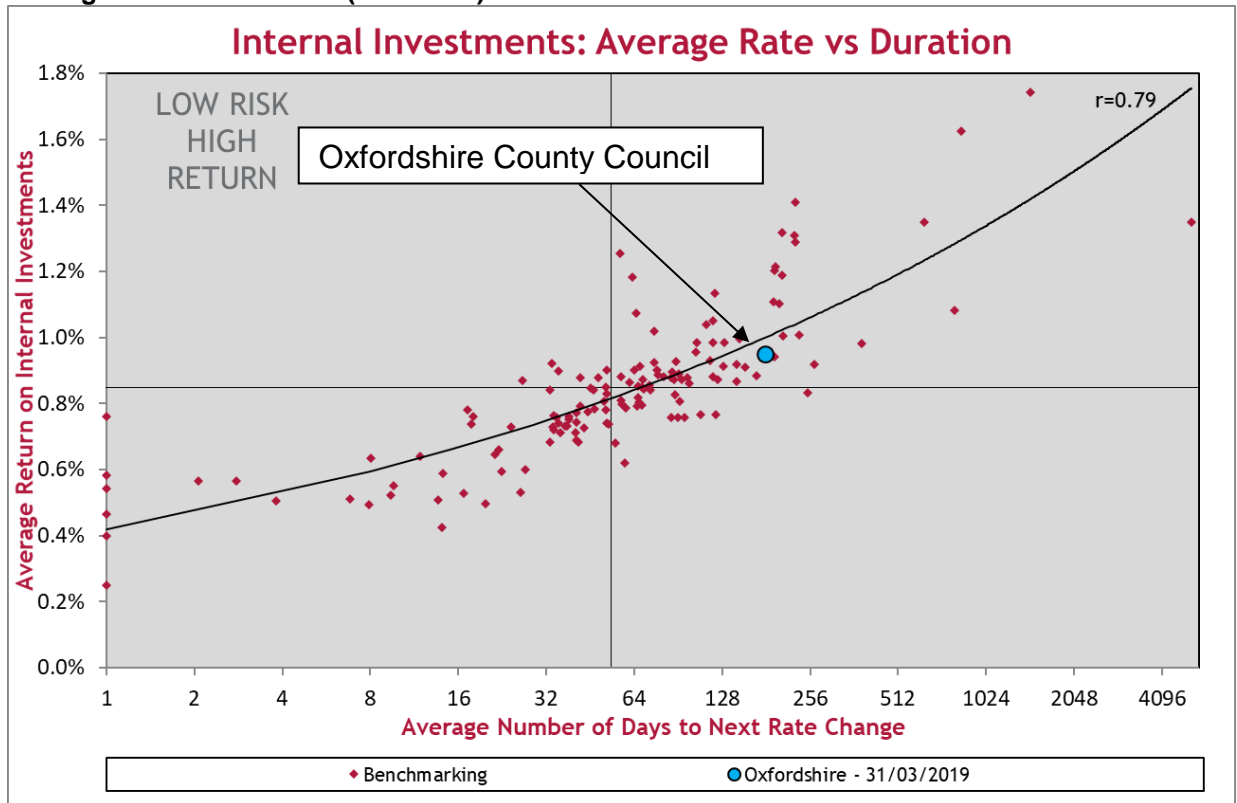
Oxfordshire County Council achieved a higher interest rate compared to the average achieved by all Arlingclose clients, whilst maintaining lower than average value weighted credit risk as at 31/03/2019.

Time weighted Average (all clients)



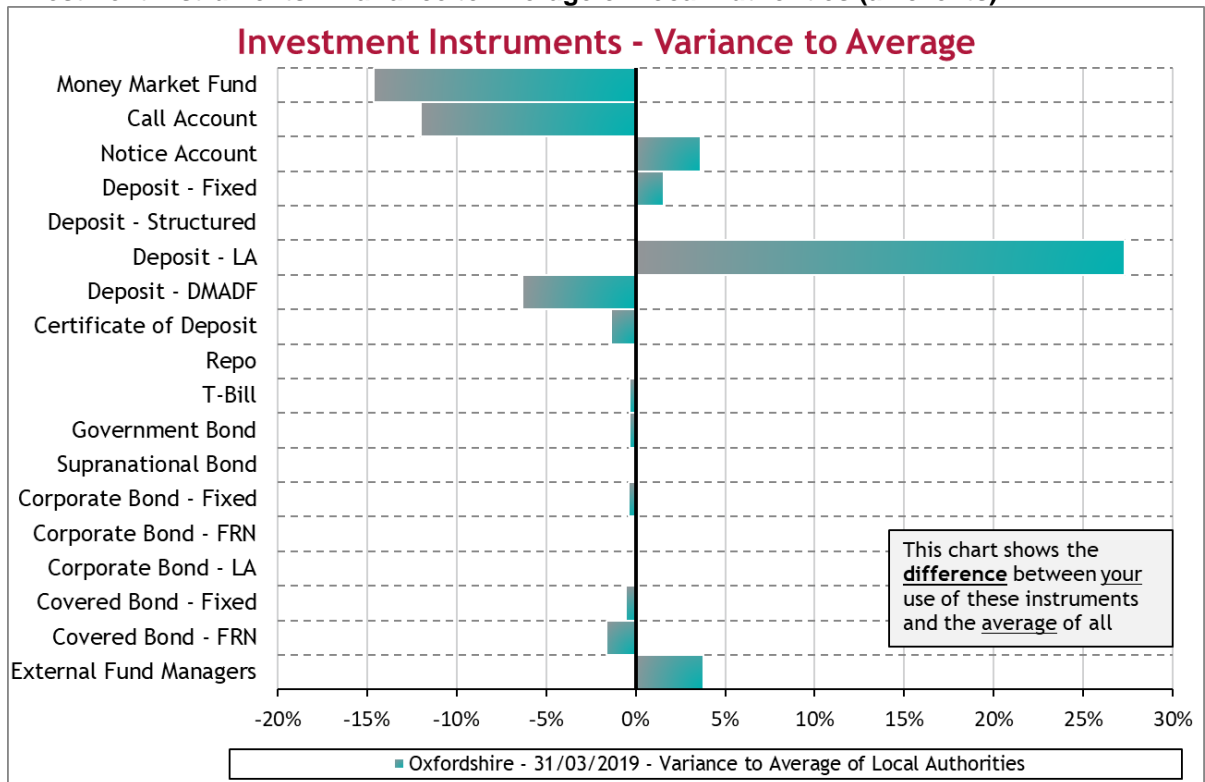
Oxfordshire County Council achieved a higher interest rate compared to the average achieved by all Arlingclose clients, whilst maintaining an average time weighted credit risk as at 31/03/2019.

Average Rate vs. Duration (all clients)



This graph shows that at 31/03/2019 Oxfordshire County Council achieved a higher than average return by placing deposits for longer than average duration.

Investment Instruments – Variance to Average of Local Authorities (all clients)



This graph shows that, at 31/03/2019, Oxfordshire County Council had notably higher than average allocations to local authority deposits when compared with other local authorities. Oxfordshire County Council also had notably lower exposure to money market funds, call accounts and Debt Management Office deposits.



Audit and Governance Committee

Oxford City Council Agency Agreement
(S42 and S101)

4 July 2019





The Agreement

Two components

- Section 42 of Highways Act been in place many years covering non-classified Rds
- Section 101 Agreement of Local Government Act 1972 operational since September 2018 covering the classified network
- All relate to roads within Oxford City Boundary only

Devolves responsibility to the City Council to undertake

- Reactive maintenance to ensure roads and pavements are safe
- Routine and cyclical maintenance to ensure drains are clear, grass is cut, etc
- Small planned maintenance works such as patching

NB: National and OCC policies to be followed when prioritising and making decisions



The Agreement

Budget

- 2 year rolling commitment
- Year 2 agreed Jan each year in preparation of financial year ahead
- 19/20 and 20/21 agreed at value of £2.6m
- 21/22 to be agreed Jan 2020

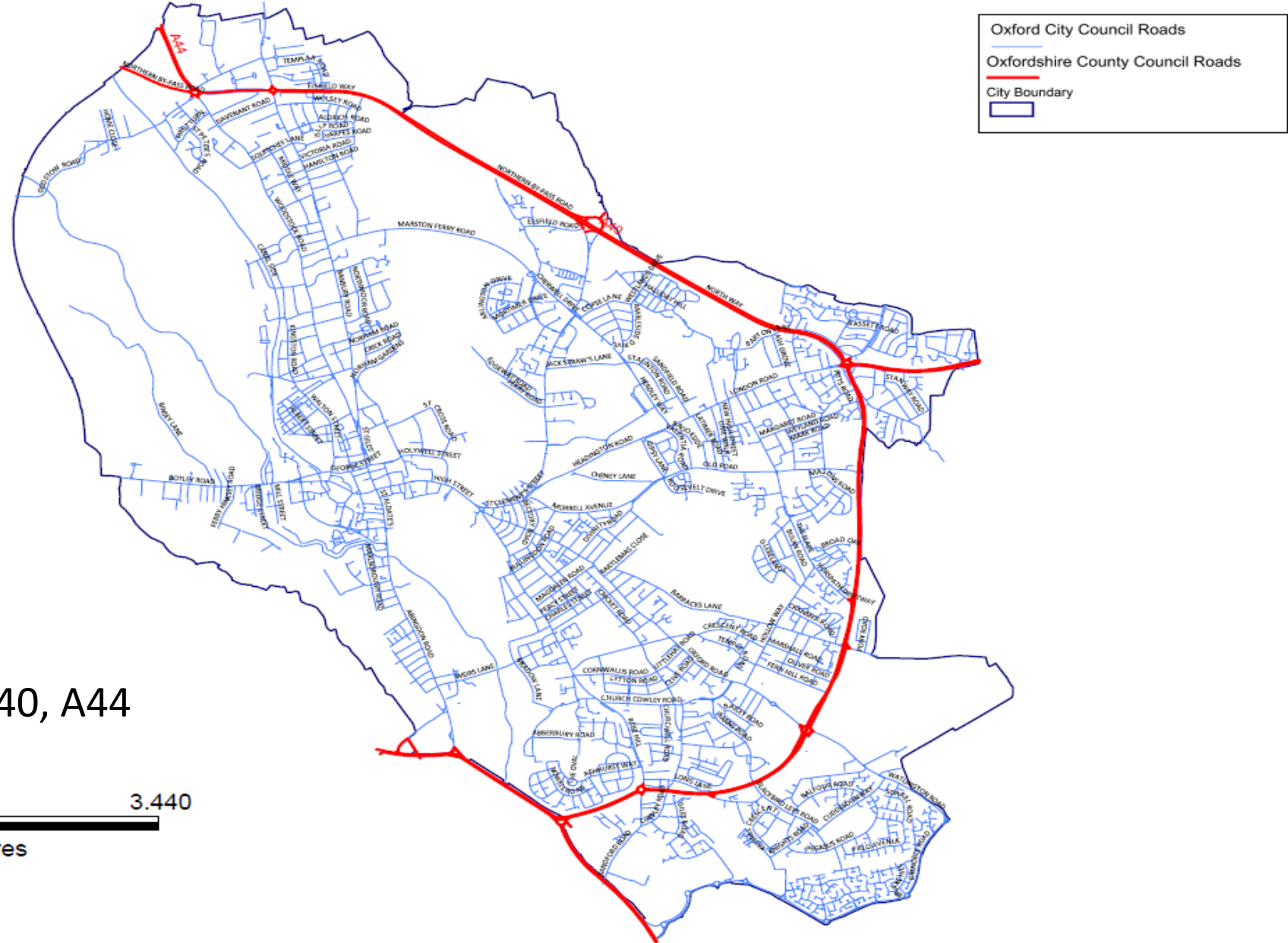
Duration

- Commenced 3rd Sept 2018 runs until 31st March 2022, with option to extend to 2023
- 12 month termination period



Network Covered

MAINTENANCE RESPONSIBILITY OF ROADS IN OXFORD CITY





Activities Covered

Repair of potholes (safety defects)	Adverse weather response- emergency road repairs/clearing debris
Maintenance and replacement of street signs and lines	Incident response - emergency road repairs/clearing debris
Surveying and Maintenance of highway trees	Public rights of Way - excluding structures and legal definition issues
Cutting of grass verges	Highway surface treatments- typically comprising surface dressing etc
Minor highway modifications that provide improvements to safety access such as dropped kerbs or extra gullies	Highway reconstruction schemes by prior agreement with OCC
Winter maintenance- salting of key Routes as directed by OCC who co-ordinate the countywide response based on weather Forecast/conditions	Disabled parking spaces- assessment and implementation
Clearance, jetting and emptying of drainage gullies	<i>EXCLUSIONS:</i> <ul style="list-style-type: none">• <i>Legacy structural issues other than keep safe</i>• <i>Costs of high spec materials</i>



OCC Responsibilities

- Remains ultimately responsible for the highway network
- Retains management for the medium and large planned maintenance schemes
- Provide funding to undertake the works as outlined in the agreement
- Ensure the City (and ODS) comply with National and OCC policy and procedures when assessing, making decisions, and carrying out works
- Investigate any complaint or dissatisfaction that is escalated to OCC and can't be resolved with the City directly.



City Responsibilities

- Perform delegated functions and undertake with all due skill, care and diligence in accordance with the agreement
- Comply with statutory requirements, OCC policies, procedures, protocols and guidance related to the delivery of highway functions
- Indemnify OCC of all actions, claims and costs which may arise from any act, omission or neglect on the part of the City Council
- Operate defect reporting and resolution system and generate accurate reports for OCC to understand location and repairs undertaken
- Deal with all enquiries and reports from the public in relation to the condition of the roads



Governance Arrangements

- Monthly Performance meetings held between ODS and OCC staff to monitor performance and review any escalated issues
- Quarterly overview meeting between OCC, ODS and Oxford City to review overall operation and review any outstanding issues.
- Annual meeting with OCC and Oxford City to review the agreement in terms of operational performance and agreed next budget allocation



Key Performance Indicators

There are a total of 26 indicators now being monitored to support the management of the agency agreement.

These are grouped around the following aspects

Defect Repair times	Measure of CO2 generated by activities	Quality and timeliness of invoices and payments to suppliers
Winter Service Performance	Minimising amount of waste sent to landfill	Health and Safety
Drainage maintenance Performance	Minimising disruption to the network	Customer satisfaction



Potential Areas to Develop

- Annual local members satisfaction survey - Summer
- Assessment of success/benefits overall after 12 months operation reviewed against original outcomes – Oct /Nov 19
- Quarterly locality meetings attended by ODS, Senior highways OCC officer to attend once a year for annual reporting ahead of annual budget proposal for rolling year 2
- Development of a 5 year Asset Plan
- Expansion of devolved services



Corporate Security Update Audit & Governance Committee 17 July 2019

Page 77



Scope (1)

- Project in place (May 19 – Dec 19), led by Director - Property & Assets, to review both current security and additional requirements for each type of building - i.e. Corporate offices, Children's centres, Adult centres, Museums, libraries, Fire stations, Depots etc
- Review the different components linked to security for each type of building Infrastructure i.e. suitability of buildings, layouts etc

This Includes:

CCTV and surveillance

Manned guarding

ICT systems

Staff training, Induction / awareness

Alarm line monitoring

Access Control / ID Badge

Risk Assessments



Scope (2)

- A Security strategy to be developed in conjunction with H&S team, Emergency Planning, Fire Service, Social Care Services.
- Currently Security from both a budgetary perspective and local management is delegated to sites and services.



Progress (1)

- A lead Officer (Senior Area Facilities Manager) is collecting data collection and the review by site / Service has begun.
- Project will be co-ordinated by FM Operations Manager (being recruited to currently).
- Support from Assets & Investment team who are completing Fit For Purpose surveys of over 300 sites.
- A Pro forma has been developed and shared with H&S Lead and Emergency planning.



Progress (2)

- This being distributed to leads in the Fire Service, Children's Services, Adult Services, Libraries and Responsible Premises Managers.
- Engagement with Corporate Finance and Procurement Team. Identifying Security spend and multiple suppliers Countywide (much of which is coded randomly by services and in the main is unfunded) is a huge piece of work.
- Ongoing local initiatives.
 - Upgrading of CCTV system and installation of Car Park lighting at Speedwell House
 - Security presence at Westgate Library
 - centralised contract for intruder alarm line monitoring and response

This page is intentionally left blank

AUDIT and GOVERNANCE COMMITTEE – 17 July 2019

Counter Fraud Strategy and Plan for 2019/20

Report by the Director of Finance

RECOMMENDATION

1. The committee is RECOMMENDED to:
 - a) note the summary of activity from 2018/19; and
 - b) comment and note the Counter Fraud Strategy and Plan for 2019/20.

Executive Summary

2. This report presents the Counter Fraud Strategy and Plan for 2019/20. The plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has in place proportionate and effective resources and controls to prevent and detect fraud as well as investigate those matters that do arise.
3. The report also provides a summary of counter-fraud activity and cases from 2018/19 (Appendix 1 contains the full 2018/19 plan agreed a year ago).

Background

4. In April 2016, the Government launched the Local Government Counter Fraud and Corruption Strategy 2016-19 – Fighting Fraud and Corruption Locally. The Strategy is supported by CIPFA's Code of Practice on Managing the risk of fraud and corruption. The Council's counter fraud arrangements are designed to adhere to the principles identified within these and therefore the plans for 2018/19 and 2019/20 are aligned to the CIPFA Code's 5 key principles:
 - Acknowledge responsibility
 - Identify risks
 - Develop Strategy
 - Provide resources
 - Take action

Summary of Activity 2018/19

5. During 2018/19 the Council trialled a different and enhanced working arrangement with Oxford Investigation Services (OIS) at Oxford City Council where OIS managed OCC's fraud referral and response service & investigations. This was tested between October 2018 – March 2019 but was discontinued and the referral process brought back in-house (see below for more information on the model of delivery going forwards). A close working relationship continues on specific cases and sharing of information. The Information Sharing Protocol with OIS was officially agreed and signed during the year, facilitating an easier method of information sharing for the purpose of preventing and detecting fraud, and has already been used on numerous occasions.
6. Significant counter-fraud work was undertaken on Direct Payments (DP) during the year. Internal Audit (Counter Fraud) convened a multi-disciplinary meeting to discuss DP cases and OCC's legal position regarding DP frauds committed by Personal Assistants (PA's). A referral flowchart for the DP fraud and recovery process was agreed and implemented between Internal Audit, Safeguarding and Debt Recovery. Quarterly Safeguarding / Debt / Fraud meetings were held to review cases and approach. We also participated in an end-to-end control mapping exercise of the managed-DP process to ensure fraud risks are minimised.
7. The County Council administer over 21,000 Blue Badges in Oxfordshire. In March 2019 the County Council Blue Badge service, working in partnership with City Council Investigation team undertook an on-street operation aimed at preventing and detecting misuse and abuse of the scheme. Over 1000 Badges were checked across the county, with 21 badges seized for being out of date or where the badge holder was not part of the journey. Penalty charge notices were also issued to people parking in Disabled Parking Bays without a badge, further protecting the scheme for those that really need it. In the lead up to the on-street operation the Blue Badge team ran a Blue Badge amnesty jointly with the libraries service, giving people the opportunity to drop off badges that were no longer needed, no questions asked. Over 200 badges were returned and destroyed, removing them from circulation. The impact of the on-street operation and amnesty was enhanced with a proactive media campaign, supported by our colleagues in the Communications Team and lead by our cabinet member for Customer Service.
8. During 2018/19 OCC's Fraud Policy was updated and re-loaded to the website and Intranet.
9. On the operational side, a total of 34 fraud referrals were logged for 2018/19, which can be broken down as follows:

Fraud Type	Number of referrals	Number closed
Direct Payments	10	5
Other ASC (money mgt, declaration of assets)	5	2
Insurance	1	0
Procurement	8	3
HR/Staff	2	0
Whistleblowing	4	4
Blue Badge (not including NFI or Feb 2019 exercise)	3	1
Schools	1	1
TOTAL:	34	16

10. In 3 out of the 5 closed Direct Payment investigations it was established that misuse / overpayment had occurred. 100% of the funds have been recovered or are in the process of being recovered via repayment plans, to the value of £18.9k. This is testament to the hard work and positive joint work undertaken between Internal Audit (Counter Fraud), Adult Social Care, the DP Finance team and Debt Recovery. For context, OCC disbursed £28m in Adult Social Care Direct payments in 2018/19. The total number of all Direct Payments across Adult's, Children's and Health-funded was 1790 in 2018/19 .
11. Further counter-fraud work completed during 2018/19 included:
- NFI data was uploaded and the match analysis commenced
 - As a first step to updating and improving fraud webpages and referral routes, a new fraud referral email address was set up fraud@oxfordshire.gov.uk and all fraud-related policies, webpages and intranet pages were mapped.
 - National Fraud Awareness week internal communications were issued in November
 - Initial input into Deprivation of Assets process improvement work was provided
 - Monthly meetings were held with OIS to discuss cases and ongoing pieces of work
 - Continued participation in the Midlands Fraud Group
 - CIPFA Fraud and Corruption Tracker (CFaCT) annual survey data input
 - Transparency data published for 2018/19

Counter Fraud Plan and Model for Delivery 2019/20

12. 2019/20 will be a pivotal year in determining how the counter-fraud model of delivery will work going forwards. A significant organisational change since 2018/19 is the new partnership between OCC and Cherwell District Council, where areas of joined up partnership working are being sought and developed across both Councils. Internal Audit and Counter-fraud is potentially an area for partnership working. A large part of the strategic work this year will be in researching and developing the best and most effective counter-fraud model for the County.

13. As we look to build the Counter-Fraud service for the longer term, in the short term our aim is to recruit an Investigation Officer who will assist with the delivery of the current resource requirements and the development of the future model.
14. On the operational side, Internal Audit (currently retaining the lead for Counter Fraud) will continue to receive all fraud referrals (via email or phone) and log these on the Council's Fraud Log. In order to improve the efficiency of this, a case management system will be procured. In addition to this reactive work, a number of proactive fraud prevention & detection pieces of work will be taken forward:
- During 2018/19 Internal Audit (Counter Fraud) worked successfully with colleagues in Adult Social Care and Quality & Contracts to review and improve the fraud flagging, referrals, investigations and recovery of Direct Payments. A similar approach will be taken with the Customer Service Centre in 2019/20 to review fraud risks, referrals and investigations for Blue badges, Carer's Grants and Bus Passes.
 - In 2018/19 the Counter-Fraud Policy was updated and uploaded to the Intranet and website. This work will continue, with the updating of all fraud-related Intranet and webpages in 2019/20.
15. The table below provides more detail on the overarching objectives for Internal Audit (Counter Fraud) in 2019/20, the actions supporting these and the success criteria.

Objective:	Actions:	Success Criteria:
1. Develop Oxfordshire Counter-Fraud model <i>CIPFA code key principles:</i> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Develop Strategy • Provide resources • Take action 	<ul style="list-style-type: none"> • Fraud delivery models will be assessed, looking at comparator Councils and in discussion with local partners. • A Counter Fraud Officer will be recruited to take on the operational delivery of the service. • The County-wide Counter-fraud strategy will be discussed at Oxfordshire Treasurers Association. • In line with corporate direction, establish and build a close working partnership between OCC and Cherwell DC counter-fraud activity. • A close working relationship will continue with Oxford Investigation Service, purchasing additional resource from them as required. • Build relationships with counter- 	<ul style="list-style-type: none"> • A clear and agreed plan for implementing an effective counter-fraud service • Recruitment of Counter-Fraud Officer

	<p>fraud colleagues in other LA's (Hertfordshire Shared Anti-Fraud Service, West Oxon Fraud Hub).</p> <ul style="list-style-type: none"> Internal Audit will retain the strategic lead role on Counter Fraud however the operational activity will be managed as a distinct function. 	
<p>2. Raise the profile of counter-fraud and increase fraud referrals & efficiency of fraud case management</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> Acknowledge responsibility Develop Strategy Provide resources 	<ul style="list-style-type: none"> Update the Fraud pages on the website and intranet Update and improve the fraud referral routes Research case management systems to automate and create efficiencies in logging and updating cases. Deliver counter-fraud training to members and officers. 	<ul style="list-style-type: none"> All Fraud-related webpages up to date with clear & easily accessible fraud referral routes for the public, staff and others to use. New case management system in place Agreed training programme delivered.
<p>3. Fraud risk mapping: Blue badge, Carer's grant, Bus Pass</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> Acknowledge responsibility Identify risks Take action 	<ul style="list-style-type: none"> Review of processes to identify fraud risks Work with the service to embed fraud red flags and referral points in each process and record misuse/fraud issues Review the Blue badge annual exercise performed with OIS to identify any areas for process improvement. 	<ul style="list-style-type: none"> Fraud risks mapped throughout the BB, CG and BP processes Standard Operating Procedure for BB Enforcement developed Successful BB misuse/fraud prosecution(s) and deterrence activity
<p>4. NFI</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> Identify risks Take action 	<p>Complete the review of NFI matches from the 2018/19 exercise</p>	<ul style="list-style-type: none"> All NFI matches reviewed Recovery of funds where appropriate Lessons learnt shared and controls improved

		where necessary
<p>5. Adult Social Care</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Provide resources • Take action 	<ul style="list-style-type: none"> • Continue to implement the DP fraud risk process and make any necessary amendments, as well as deliver DP Fraud Awareness training • Continue to hold quarterly Safeguarding/Fraud/Debt review meetings to discuss specific cases and implementation of new process • Discuss with stakeholders the opportunities for improvement in the use of intelligence on PA's where financial abuse or other safeguarding/fraud concerns are raised. • Review whether improved mechanisms for referral and acceptance of financial abuse cases to the Police can be implemented. 	
<p>6. Deprivation of Assets</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Develop Strategy • Provide resources • Take action 	<p>Participate in project team reviewing DoA policies and processes to ensure fraud risks are assessed and included.</p>	<ul style="list-style-type: none"> • Service develop polices and processes which include proper assessment, identification and follow up of fraud risk
<p>7. Networking</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Provide resources • Take action 	<ul style="list-style-type: none"> • Continue to engage with Midlands Fraud Group • Build working relationships with well developed counter-fraud services • Engage with the Fraud Knowledge Hub to share information and learning. • Attend Fraud conferences 	<ul style="list-style-type: none"> • Attended Group meetings and conferences • Established useful and productive professional working relationships
<p>8. Data reporting</p>	<ul style="list-style-type: none"> • Submit the annual CIPFA Fraud 	<ul style="list-style-type: none"> • All data reporting

<p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Take action 	<p>Tracker data</p> <ul style="list-style-type: none"> • Publish the annual Transparency Code data 	<p>requirement submitted accurately and on time.</p>
<p>9. Fraud referral management & investigations</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Take action 	<ul style="list-style-type: none"> • Receive all fraud enquiries and referrals via email, phone and the whistleblowing line/webform • Log these on the Fraud Log • Investigate each referral to establish next steps • Pursue as fraud investigation / management investigation / safeguarding investigation / other, as appropriate. • Working with relevant Officers from other teams • Update fraud log records as case progresses • Escalate and keep management informed where appropriate • Liaise with relevant external stakeholders, eg District Councils, DWP, Police • Take forward the correct outcome actions, eg recovery, prosecutions, disciplinary action etc. • Identify & share lessons learnt. • Close the case 	<ul style="list-style-type: none"> • Response to referrals and enquiries within 48 hours • Appropriate sanctions applied (repayments, prosecution, disciplinary, etc)

LORNA BAXTER
 Director of Finance

Background papers: None. Contact Officer: Sarah Cox, Chief Internal Auditor 07393 001246

Appendix 1 – Counter Fraud Plan from 2018/19

CIPFA CODE KEY PRINCIPLE	ACTIVITY	SCHEDULING	COMPLETED?
Acknowledge responsibility	Improved quarterly reporting on counter fraud to Strategic Directors Meetings and Directorate Leadership Team Meetings.	From Sept 2018 updates.	Yes
	Implementation of formal handover plan by Oxford City to take on responsibility for receiving and triage of referrals.	June – Sept 2018	Yes, but responsibility taken back.
	Review and refresh of Intranet and external Fraud & whistleblowing webpages, as well as referral methods	Sept – Dec 2018	Completed May 2019 by Internal Audit
	Review and promotion of Fraud awareness e-learning package, training, internal communications.	Sept – Dec 2018	Ongoing
Identify risks	Continue to develop the approach to fraud risk. This will initially focus on building on the work completed by the City Investigation Team to produce a fraud risk register. This will identify the resource requirement for delivery of proactive testing and control reviews in areas of high fraud risk.	Throughout 2018/19	Ongoing
	Work has already commenced in identifying fraud risk areas in relation to adult social care (other than direct payments). This has identified that fraud awareness training and improved guidance and procedures is required. (For example; Financial Assessments, including the issue of deprivation of assets and non-declaration, Money Management, Debt Management)	From June 2018.	Direct Payment work complete, other streams included in 2019/20 Plan
	Review of the fraud referral routes and awareness to ensure that potential fraud and irregularity is being captured and action taken in accordance with the Anti-Fraud and Corruption Strategy.	July – October 2018	Started and ongoing
	Emerging risks – Continued participation in the Midlands Fraud Group, other benchmarking, continuous horizon scanning, legislative changes, undertake the CIPFA Fraud and Corruption	Throughout 2018/19	Yes and ongoing

	Tracker (CFaCT) annual survey, alerts from the networks of the Oxford City Investigation Team.		
Develop Strategy	Review of the Anti-Fraud and Corruption Strategy and associated policies (for example Bribery, Whistleblowing, etc).	By March 2019	Completed
	Development of the use of continuous monitoring within the organisation in areas of risk of fraud / error and improved used of data analytics and intelligence sharing within Internal Audit/Fraud Team.	Throughout 2018/19	Ongoing
	Working with the Districts and City Council to review and agree the strategy and detailed approach to SPD (Single Person Discount) and other Council Tax Reductions.	By March 2019	Ongoing
Provide resources	Formal agreement for Oxford City Investigation Team to provide resource to fully deliver the management of all referrals, including appropriate triage and maintenance of the fraud log. Where formal fraud investigations are required these will be managed and delivered by the Investigation Team. They will be responsible for providing expertise, training and assistance with communications. They will also take over the full management of the NFI (National Fraud Initiative) exercise from the initial fair processing notices, uploading of data sets, review of results and system recording.	Summer 2018	Completed and trialled
	Restructure within Internal Audit, so that one of the Principal Auditors also has management responsibility for pro-active fraud work. The Senior Auditor post previously allocated to fraud will become fully assigned to Internal Audit. Additional proactive fraud resource to be managed by the Principal Auditor, will be identified once the fraud risk identification work referred to above is complete. Temporary resource is available where we identify opportunities for pro-active fraud work whilst a sustainable strategy for a future fraud response model is	Summer 2018	Yes, complete

	developed which will highlight longer term funding requirements.		
Take action	Continued promotion and delivery of the Anti-Fraud and Corruption Strategy, ensuring application of appropriate sanctions, civil, disciplinary and criminal (including seeking recovery).	Throughout 2018/19	Yes complete and ongoing
	Investigations to be managed by Oxford City Investigation Team, to include formal reports of outcomes / lessons learnt / required control improvements.	Throughout 2018/19	Yes complete and trialled
	Review / improve communications post investigation, both internal communications and external press releases.	Throughout 2018/19	Ongoing
	Participation in the 2018 National Fraud Initiative. (NFI). Data to be submitted Autumn 2018 with returned matches for investigation expected to be received by March 2019.	March 2019 – will continue into 2019/20	Ongoing and on target for completion by planned date end Sept 2019 to report back to 13 Nov A&G Cttee
	Delivery of specific themed pro-active fraud exercises, following work completed on fraud risk assessment.	By March 2019	Direct Payment work and Blue Badge exercise
	Following on from the audit of Security Bonds (17/18) – there will be a proactive fraud review completed.	By October 2018	Complete – further work now being undertaken with a probity audit of transactions to be completed July 2019.

Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE – 17 JULY 2019

Internal Audit Charter

Report by the Director of Finance

RECOMMENDATION

1. The Committee is RECOMMENDED to:
 - a) approve the Internal Audit Charter; and
 - b) Note the Quality Assurance and Improvement Programme.

Executive Summary

2. This report presents both the Internal Audit Charter and the Quality Assurance and Improvement Programme for 2019/20. These are subject to annual review.

Internal Audit Charter

3. The Public Sector Internal Audit Standards (PSIAS) came into force on 1 April 2013. (Updated 1 April 2017). These are the first Internal Audit standards to apply across the whole public sector. The PSIAS requires that an Internal Audit Charter is in place for each local authority. The Oxfordshire County Council Internal Audit Charter is included within Appendix 1.
4. The Charter sets out the purpose, authority and responsibility of Oxfordshire County Council's Internal Audit function, in accordance with the PSIAS. The Charter establishes the position of Internal Audit within the organisation, access and reporting requirements. It also outlines the key responsibilities of the Audit & Governance Committee.
5. This Internal Audit Charter is subject to approval by the Audit & Governance Committee of Oxfordshire County Council on an annual basis, in line with PSIAS requirements. (This was last approved by the Committee July 2018)

Quality Assurance Improvement Programme (QAIP)

6. The PSIAS require that the internal audit activity maintain a Quality Assurance and Improvement Programme (QAIP). This is included within Appendix 2.

7. The Chief Internal Auditor is required to communicate to senior management and the Audit & Governance Committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing monitoring at least annually, internal assessments upon completion and external assessments conducted at least every five years. The QAIP details what will be reported to the Audit & Governance Committee and the frequency.

PSIAS – Self Assessment / External Assessment Update

8. Internal Audit received a CIPFA external assessment against the Public Sector Internal Audit Standards (PSIAS) during November 2017. This was reported to the Committee in January 2018. The assessment outcome was very positive with only a small number of minor improvements to documentation required and an overall conclusion that the service is highly regarded within the Council.
9. There is a requirement for an annual self-assessment against PSIAS to be completed (with external assessment scheduled every 5 years). The self-assessment was completed during May 2019 and it can be confirmed that Internal Audit continues to comply in full, with the standards.

Lorna Baxter
Director of Finance

Contact: Officer: Sarah Cox, Chief Internal Auditor
07393 001246 sarah.cox@oxfordshire.gov.uk

Oxfordshire County Council Internal Audit Charter

Introduction

The Public Sector Internal Audit Standards (PSIAS) came into force on 1 April 2013. (Updated 1 April 2017). These are the first Internal Audit standards to apply across the whole public sector. The PSIAS requires that an Internal Audit Charter is in place for each local authority.

The Standards form part of the wider mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework which includes the mission, core principles, definition of Internal Audit and Code of Ethics.

This Charter sets out the purpose, authority and responsibility of Oxfordshire County Council's Internal Audit function, in accordance with the PSIAS.

This Internal Audit Charter has been drawn up in line with the PSIAS requirements and replaces all previous Internal Audit Terms of Reference.

This Internal Audit Charter is subject to approval by the Audit & Governance Committee of Oxfordshire County Council on an annual basis, in line with PSIAS requirements.

Definition of Internal Audit

Oxfordshire County Council has adopted the PSIAS definition of internal auditing as follows:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the operations of Oxfordshire County Council. It helps Oxfordshire County Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

Mission of Internal Audit

Oxfordshire County Council has adopted the PSIAS mission of internal auditing as follows:

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Core Principles

To achieve Internal Audit's mission the following core principles for the professional practice of Internal Auditing are present and applied by Oxfordshire County Council Internal Audit:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of Oxfordshire County Council.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

Code of Ethics

Oxfordshire County Council has adopted the PSIAS Code of Ethics:

Integrity

- The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement

Objectivity

- Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal Auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Confidentiality

- Internal Auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal obligation to do so.

Competency

- Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Contained within Oxfordshire County Council's Officer's Code of Conduct and published on the intranet are the seven key principles of public sector conduct. (Nolan Committee Standards in Public Life 1997. These behaviors are adopted by Internal Audit.

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Statutory Requirement

Section 151 of the Local Government Act 1972 requires that authorities "make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs." In Oxfordshire County Council, that officer is the Director of Finance.

Specific requirements are detailed in the Accounts and Audit Regulations 2015, in that a relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Any officer or member of a relevant body must, if the body requires:

- a. make available such documents and records as appear to that body to be necessary for the purposes of the audit; and
- b. supply the body with such information and explanation as that body considers necessary for that purpose.

In accordance with these regulations, internal audit staff should have access to any financial or non-financial records maintained by the council, or its partners in delivering council services, that are relevant to the audit activity being performed.

Definition of the Chief Audit Executive (CAE)

Chief Audit Executive describes a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. Within Oxfordshire County Council the Chief Internal Auditor is the designated 'Chief Audit Executive'

Definition of the Board

The PSIAS lays out the role of a Board in relation to specific standards. In a local authority the role of the Board may be satisfied by an Audit Committee. In Oxfordshire Council the Audit & Governance Committee, for the purposes of the key duties laid out in the PSIAS, is the Board.

The key duties of the Board (Audit & Governance Committee) as laid out in the PSIAS are as follows:

- Approve the Internal Audit charter
- Receive the risk based Internal Audit plan including the approval of the Internal Audit budget and resource plan
- Receive communications from the Chief Internal Auditor on internal audit's performance relative to its plan and other matters
- Receive an annual confirmation from the Chief Internal Auditor with regard to the organisational independence of the internal audit activity
- Receive the results of the Quality Assurance and Improvement Programme from the Chief Internal Auditor.
- Make appropriate enquiries of the management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations.

Definition of Senior Management

The PSIAS anticipates the role of Senior Management includes the following:

- Input to the risk based Internal Audit plan
- Receive periodic reports from the Chief Internal Auditor on internal audit activity, that includes follow up reports
- Receive the results of the Quality Assurance and Improvement Programme from the Chief Internal Auditor

Within Oxfordshire Council 'Senior Management' is defined as the Section 151 Officer (Director of Finance)

Professionalism

Oxfordshire County Council Internal Audit will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Oxfordshire County Council Internal Audit maintains an Audit Procedures Manual which is consistent with PSIAS requirements. These procedures are applied for all audit engagements.

Authority

Oxfordshire County Council Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to, and communicate and interact directly with, the Audit & Governance Committee.

Organisation

The Chief Internal Auditor will report functionally to the Audit & Governance Committee, for example approving the charter and internal audit plan, and administratively to the Director of Finance & Assistant Director of Finance, such as approving the internal audit activity's HR administration and budgets.

The Chief Internal Auditor will communicate and interact directly with the Audit & Governance Committee, including in executive sessions and between meetings as appropriate.

Independence and objectivity

The internal audit activity within Oxfordshire County Council will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited within Oxfordshire County Council. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal Audit will ensure through the planning and resourcing process that any potential conflicts of interest are recognised and addressed through internal audit staff not undertaking an audit for at least two years in an area where they have had previous operational roles and/or undertaken consulting activity and that responsibilities for audit assignments are rotated periodically within the internal audit team.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments. Internal auditors will disclose any impairment of independence or objectivity, in fact or appearance, to the appropriate parties.

The Chief Internal Auditor will confirm to the Audit & Governance Committee, at least annually, the organisational independence of the internal audit activity.

The Chief Internal Auditor will disclose to the Audit & Governance Committee any interference and related implications in determining the scope of internal auditing, performing work, and communicating results.

Responsibility- Scope & Objectives

Internal audit is an assurance service that provides an independent and objective opinion to the council on the entire control environment comprising risk management, performance, control and governance by evaluating the effectiveness in achieving the organisation's objectives. Internal Audit objectively examine, evaluate and report on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Internal Audit Services is accountable to the Director of Finance (Section 151 Officer) for the terms of reference, scope and coverage of its audit activities. In addition there is a responsibility to those charged with corporate governance being

the council (through the Audit & Governance Committee and Audit Working Group) and the Head of Paid Service to give an annual opinion on the whole system of internal control and to support the Monitoring Officer in respect of matters of standards/ legality.

The council's external auditor relies on Internal Audit to undertake a continuous programme of audits of key corporate controls. Also, due priority needs to be given to the key strategic risks of the council including the requirements of the Section 151 Officer. Audit work is included to ensure an opinion can be given on the whole of the control environment. These priorities constitute most of the Annual Plan the balance being risks identified by Internal Audit. The Chief Internal Auditor collates an annual report on the effectiveness of the council's internal control environment.

Internal audit may perform consulting and advisory services related to governance, risk management and control as appropriate for the organisation. It may also evaluate specific operations at the request of the Audit & Governance Committee or management, as appropriate.

Based on its activity, Internal audit is responsible for reporting significant risk exposures and control issues identified to the Audit & Governance Committee and to Senior Management, including fraud risks, governance issues, and other matters needed or requested.

Internal audit plan

At least annually, the Chief Internal Auditor will submit to the Audit and Governance Committee an internal audit plan for review and approval. The Chief Internal Auditor will communicate the impact of resource limitations and significant interim changes to senior management and the Audit & Governance Committee.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management, including the Chief Executive, Director of Finance, Directors, Deputy Directors and Finance Business Partners. It will be developed in accordance with the Internal Audit Charter and will link to the strategic objectives and priorities of Oxfordshire County Council. Prior to submission to the Audit & Governance Committee for approval, the plan may be discussed with appropriate senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

The audit plan is dynamic in nature and will be reviewed and realigned on a regular basis to take account of new, emerging and changing risks and priorities. It will be based on a risk assessment that covers financial materiality and business risks as well as any suspected or detected fraud, corruption or impropriety that has come to the attention of the Chief Internal Auditor.

Internal Audit will consult with the Council's external auditor and with other relevant inspection/assurance and review bodies, as required, in order to co-ordinate effort, ensure adequate coverage and minimise any duplication.

As part of the planning process, the Chief Internal Auditor will identify other potential sources of assurance and will include in the risk based plan the approach to using other sources of assurance and any work required to place reliance upon those other sources.

For each audit assignment, Internal Auditors will develop and document a plan including the objectives of the review, the scope, and timing and resource allocations. In planning the assignment, auditors will consider, in conjunction with the auditees, the objectives of the activity being reviewed, significant risks to the activity and the adequacy and effectiveness of the activity's governance, risk management and control processes.

Reporting and monitoring

A written report will be prepared and issued by the Chief Internal Auditor or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Audit & Governance Committee. The internal audit report will include an opinion on the adequacy of controls in the area that has been audited.

The draft report will be discussed with the auditees and management actions agreed for the weaknesses identified, along with timescales for implementation. The final report will be issued to the relevant Director, Director of Finance and other officers in line with directorate protocols.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and monitoring and reporting on the implementation of management actions.

Arrangements for appropriate resourcing

Internal Audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience, having regard to its objectives and to the standards. All Internal Auditors will hold a professional qualification or be training towards a professional qualification.

In the event that the risk assessment, carried out to prepare the annual plan, identifies a need for more audit work than there are resources available, the Chief Internal Auditor will identify the shortfall and advise the Director of Finance followed

by the Audit & Governance Committee as required to assess the associated risks or to recommend additional resources are identified.

The audit plan will remain flexible to address unplanned work including responding to specific control issues highlighted by senior management during the year.

Internal audit work is prioritised according to risk, through the judgement of the Chief Internal Auditor, informed by the Council's risk registers and in consultation with senior management and External Audit.

All internal auditors have a personal responsibility to undertake a programme of continuing professional development (CPD) to maintain and develop their competence. This is fulfilled through the requirements set by professional bodies and through the Council's appraisal and development programme.

Fraud and Corruption

The County Council is one of the largest business organisations in Oxfordshire. In administering its responsibilities; the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor. The Council is committed to an effective Anti-Fraud and Corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities.

The Council's Anti-Fraud and Corruption Strategy, sets out responsibilities in this area.

Internal Audit within Oxfordshire County Council is responsible for developing and implementing the Anti-Fraud and Corruption Strategy and monitoring the investigation of any reported issues. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this strategy and that action is identified to improve controls and reduce the risk of recurrence. Internal Audit maintains the fraud log for Oxfordshire County Council. Internal Audit undertakes investigations into potential financial irregularities. In some circumstances this may be delegated to the service itself following an assessment of risk and financial impact.

Internal Audit also facilitates Oxfordshire County Council's participation in the National Fraud Initiative (NFI) in which data from the Council's main systems are matched with data supplied from other Local Authorities and external agencies to detect potential fraudulent activity.

Definition of Assurance Services

The PSIAS defines assurance services as follows: *"An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation."*

Internal Audit provide this assurance across all parts of the Council reviewing the Council's "control environment" comprising risk management, control and governance, this enables the Chief Internal Auditor to provide an annual opinion on the effectiveness of these arrangements. This opinion supports the Council's Annual Governance Statement.

Definition of Consulting Services

The PSIAS defines consulting services as follows: *"Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training."*

The PSIAS requires that approval must be sought from the Audit & Governance Committee for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement. Within Oxfordshire County Council significant is defined as any single assignment equivalent to 5% of annual planned days; these will be brought to the Audit & Governance Committee for approval.

Quality assurance and improvement programme

The internal audit activity will maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity, and evaluates the activity's conformance with the Standards and application of the Code of Ethics. As such, the programme assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Chief Internal Auditor will communicate to senior management and the Audit & Governance Committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing monitoring at least annually, internal assessments upon completion and external assessments conducted at least every five years. Disclosure will include:

- The scope and frequency of both internal and external assessments.
- The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.
- Conclusions of assessors.
- Corrective action plans.

The results of the quality assurance and improvement programme and progress against any improvement plans must also be included in the annual report.

Signed by:

Sarah Cox, Chief Internal Auditor

Lorna Baxter, Director of Finance

Councilor Nick Carter, Chairman of the Audit & Governance Committee

Date approved: 17 July 2019 (Audit & Governance Committee)

Date of next review: July 2020

Oxfordshire County Council Internal Audit - Quality Assurance and Improvement Programme

Introduction

Internal Audit's Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of Oxfordshire County Council Internal Audit Service that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the Public Sector Internal Audit Standards, Definition of Internal Auditing and Code of Ethics;
- Operates in an efficient and effective manner;
- Is adding value and continually improving the service it provides.
- The Chief Internal Auditor is ultimately responsible for maintaining the QAIP, which covers all types of Internal Audit activities. The QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments must be undertaken at least once every five years.

Internal Assessments

Internal Assessment is made up of both ongoing reviews and periodic reviews.

Ongoing Reviews

Ongoing assessments are conducted through:

- Supervision of audit engagements
- Regular, documented review of work papers during engagements by appropriate Internal Audit staff
- Applying relevant audit policies and procedures, including those set out in the Oxfordshire County Council Internal Audit Manual, to ensure applicable audit planning, fieldwork and reporting quality standards are met
- Review of all audit reports and agreed management actions by the Chief Internal Auditor prior to formal circulation.

- Feedback from Customer Satisfaction Questionnaires (CSQs) on individual audit assignments
- Established key performance indicators (KPIs) designed to improve Internal Audit's effectiveness and efficiency. These are signed off each year by the Audit & Governance Committee.
- Corporate performance monitoring
- In assigning audit work to an individual auditor consideration is given to their level of skills, experience and competence and an appropriate level of supervision exercised
- Feedback from CSQs, performance against KPIs and reviews of working papers and audit reports will form part of the discussion during regular meetings / 12:3:2 appraisal/121 discussions.

Periodic Reviews

Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Standards, Definition of Internal Auditing, the Code of Ethics, and the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Periodic assessments will be conducted through:

- Chief Internal Auditor / Audit Manager file reviews to ensure performance in accordance with Internal Audit's Quality Procedures Manual.
- Review of internal audit Key Performance Indicators by the Chief Internal Auditor on a monthly basis, including elapsed time between start of audit and exit meeting, elapsed time between exit meeting and issue of draft report, elapsed time between issue of draft report and issue of final report, % of planned activity completed and % of management actions implemented.
- Quarterly activity and performance reporting to the Audit and Governance Committee and Section 151 officer.
- Annual self-review of conformance with the Public Sector Internal Audit Standards. Any resultant action plans will be monitored by the Chief Internal Auditor on a quarterly basis.
- Independent annual review of the effectiveness of Internal Audit by the Council's Monitoring Officer, with results reported to and reviewed by the Audit and Governance Committee.

External Assessment

External assessments will appraise and express an opinion about Internal Audit's conformance with the Standards, Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.

An external assessment will be conducted every 5 years by a qualified, independent assessor from outside the Council. The assessment will be in the form of a full external assessment, or a self-assessment with independent external validation. The

format of the external assessment will be discussed with the Audit & Governance Committee.

Reporting

Internal Assessments – Quarterly activity and performance reporting to the Audit and Governance Committee and Section 151 officer.

External Assessments – results of external assessments will be reported to the Audit & Governance Committee and Section 151 officer at the earliest opportunity following receipt of the external assessors report. The external assessment report will be accompanied by a written action plan in response to significant findings and recommendations contained in the report.

Follow Up - the Chief Internal Auditor will implement appropriate follow-up actions to ensure that action plans developed are implemented in a reasonable timeframe.

Signed by:

Sarah Cox, Chief Internal Auditor

Lorna Baxter, Director of Finance

Date approved: July 2019

Date of next review: July 2020

Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE – 17 JULY 2019

REPORT OF THE AUDIT WORKING GROUP – 26 JUNE 2019

Report by Director of Finance

RECOMMENDATION

1. The Committee is RECOMMENDED to note the report.

Executive Summary

2. The Audit Working Group met on 26 June 2019 and received updates and reviewed progress in respect of the audits of S106 and Security Bonds. Officers attended the group to provide updates. The group considered an update in respect of the risk management and the strategic risk register. The group also reviewed the arrangements within the Resources Directorate.

Introduction

Attendance:

Full Meeting: Chairman Dr Geoff Jones, Councillors: Tony Ilott, Roz Smith, Deborah McIlveen. Observing: Cllr Simon Clarke, Cllr Glynis Phillips.

Ian Dyson, Assistant Director of Finance; Sarah Cox, Chief Internal Auditor; Katherine Kitashima, Audit Manager, Colm Ó Caomhánaigh, Committee Officer, (minutes)

Part Meeting:

Sue Halliwell, Director for Planning and Place, Eric Owens, Assistant Director for Growth & Place, Ben Threadgold, Policy & Performance Service Manager, Steven Jones, Corporate Performance and Risk Manager, Will Harper, Head of ICT (Interim).

Matters to Report:

The group discussed Audit & Governance Committee Member's training. It was confirmed that the 1pm session prior to the September A&G meeting has been booked for the annual private briefings that the committee members have with both the Chief Internal Auditor and also the External Auditor.

It was decided that further sessions, utilising the 1pm slot prior to committee meetings would include a) Counter Fraud Training (the invite would be extended to all members) and b) a session with the members of the A&G committee to review the CIPFA Audit Committee Guidance 2018 and complete the self-assessment, which evaluates Audit Committee effectiveness. It was acknowledged that this may identify further areas for training.

AWG 19.14 S106 update

3. A follow up of the 17/18 audit, which had an overall conclusion graded as red was undertaken at the end of 18/19 and finalised in April 2019. The follow up audit concluded that there had not been sufficient progress with the implementation of the original action plan and therefore the overall grading remained as red. The group received an update from the Director on the progress in addressing the weaknesses identified.
4. AWG members expressed their concerns about significant time that has elapsed since these weaknesses were identified and the implications of not addressing them. The group noted the work undertaken to improve the structure and clarify roles and responsibilities. However, recruitment has been very challenging and there is still a lack of management capacity within the service. The procurement of the single response system has been delayed, which is also impacting on the ability to deliver the required improvements. The Director and Deputy Director continue to try and address the issue of the vacant posts and project management support to implement the new IT system is now in place.
5. The group expressed concerns that there was a lack of member engagement in the decision-making process at the early stages of allocating S106. The group suggested to the Director that a general S106 training session, open to all members, would be useful. Which would include an outline of the key processes and member engagement.
6. The Group requested that the Director returns to the October meeting to provide an update on progress with implementation of the required improvements.

AWG 19.15 Security Bonds

7. The February AWG had noted that some actions remained outstanding and requested an update to be provided to the June meeting. The group noted that good progress has been made in continuing to implement the action plan and that officers report that the remaining actions will be implemented within the next couple of months.
8. The group were notified that whilst work has been undertaken within the service to identify cash bonds currently in place, there has been no reconciliation of cash expected to cash actually held by the Council on SAP. Therefore, Internal Audit have been requested to undertake a further probity review of transactions to provide assurance that security bonds, in particular cash bonds, are recorded completely and accurately, that monies received are properly accounted for and that the processes in place for the reduction and return of cash bond monies held are appropriate.
9. Once this work has been completed, this will be reported back to the Audit Working Group, alongside management's confirmation that outstanding

actions have been implemented. It is anticipated that this report will be brought back to the September AWG meeting.

AWG 19.16 Risk Management

10. Officers presented an update on the corporate risk management approach. The group noted the developments in this area, including a new mechanism for monthly Business Management and Monitoring Reports, recommendations from the council's Peer Review and the development of the new draft Risk Management Strategy.
11. The group reviewed and commented on the Strategic Risk Register, noting the ongoing work. The group also reviewed the risk management arrangements in place within the Resources Directorate and reviewed the Resource's risk register, again noting the planned work to ensure consistency of approach across the Resources teams risk management activities. Comments on the risk register were noted and will be considered by officers.
12. As part of the rolling programme for the AWG, the group requested that the Children's risk register be reviewed at the October meeting. (The October meeting is also scheduled to receive the Strategic Risk Register and also an update from Communities).

AWG 19.17 Finance Review

13. A verbal update was provided by the Assistant Director of Finance on the Finance Review. The draft design and structure for the future finance function has been prepared. Next stages will include the preparation of job profiles, job evaluation and a full consultation process with staff. The Finance Review has developed and articulated new ways of working for our core finance functions, improved a selection of processes and undertaken a deep dive into financial management activities undertaken in directorates. Implementation of the new design will include training, improvements to self-service and focus on the embedding of robust financial management. The review has also considered opportunities for joint working of finance activities with Cherwell District Council.
14. A full update will be made to the October AWG meeting and then a paper brought to the subsequent Audit & Governance Committee meeting.

Lorna Baxter, Director of Finance
Contact Officer: Sarah Cox, Chief Internal Auditor
June 2019.
07393 001246 sarah.cox@oxfordshire.gov.uk

Date of next AWG meeting Wednesday 04 September 2019 at 14:00

This page is intentionally left blank

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME – 2019/20

11 September 2019

Information Governance (Caroline Parker)
Local Government Ombudsman's Review of Oxfordshire Co Co (Nick Graham)
Internal Audit Plan – Progress Report (Sarah Cox)
Surveillance Commissioner's Inspection and Regulation of Investigatory Powers Act (Richard Webb)
Monitoring Officer Annual Report (Nick Graham)
Ernst & Young – 2018/19 Annual Audit Letter (David Guest)
Oxford Direct Services audit
Local Code of Corporate Governance (Glenn Watson)

13 November 2019

Ernst & Young (David Guest)
Treasury Management Mid Term Review (Donna Ross)
Counter-fraud Update (Sarah Cox)
Highways Update (Owen Jenkins)

15 January 2020

Internal Audit Plan – Progress Report (Sarah Cox)
Ernst & Young - Audit Plan (David Guest)
Treasury Management Strategy Statement and Annual Investment Strategy for 2020/21 (Donna Ross)

18 March 2020

Ernst & Young –Audit Progress Update (David Guest)
Scale of Election Fees and Expenditure (Glenn Watson)
Audit & Governance Committee Annual Report to Council 2019 (The Chairman)
Progress update on Annual Governance Statement Actions (Glenn Watson)

29 April 2020

Annual Governance Statement (Glenn Watson)
Annual Report of the Chief Internal Auditor 2019/20 (Sarah Cox)
Internal Audit Strategy & Annual Plan 2020/21 (Sarah Cox)
Annual Scrutiny Report (Katie Read)
Ernst & Young - Progress Report (David Guest)
OFRS Statement of Assurance 2019-20 (Paul Bremble)
Draft narrative statement and Accounting Policies for inclusion in the Statement of Accounts (Hannah Doney)

15 July 2020

Statement of Accounts 2019/20 (Hannah Doney)
Ernst & Young – Final Accounts Audit (David Guest)
Treasury Management Outturn 2019/20 (Donna Ross)
Internal Audit Charter (Sarah Cox)
Counter-fraud Plan 2020/21 (Sarah Cox)

Standing Items:

- Report from the Transformation Sub-Committee

- Audit Working Group reports (Sarah Cox)
- Audit & Governance Committee Work Programme – update/review (Committee Officer/Chairman/relevant officers)