OXFORDSHIRE
COUNTY COUNCIL

To: Members of the Audit & Governance Committee

Notice of a Meeting of the Audit & Governance Committee

Wednesday, 11 September 2019 at 2.00 pm

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

Yvonne Rees
Chief Executive

September 2019

Committee Officer: *Colm Ó Caomhánaigh, Tel 07393 001096;*
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Membership

Chairman – Councillor Nick Carter
Deputy Chairman - Councillor Tony Ilott

Councillors

Paul Buckley	D. McIlveen	Roz Smith
Dr Simon Clarke	Glynis Phillips	
Charles Mathew	Les Sibley	

Co-optee

Dr Geoff Jones

Notes:

- *Private briefings with the Internal and External Auditors will take place in the Members' Boardroom at 1pm on the day of the Committee meeting.*
- *There will be a pre-meeting briefing in the Members' Boardroom at County Hall on Friday 6 September 2019 at 9.30am for the Chairman, Deputy Chairman and Opposition Group Spokesman.*
- *Date of next meeting: 13 November 2019*

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

recycled paper

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

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

3. **Minutes** (Pages 1 - 8)

    To approve the minutes of the meeting held on 17 July 2019 and to receive information arising from them.

4. **Petitions and Public Address**

5. **Surveillance Commissioner's Inspection and Regulation of Investigatory Powers Act** (Pages 9 - 22)

    2.10pm

    Report by the Monitoring Officer.

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

    Codes of Practice under the Act require that elected members review the Authority's use of activities within the scope of the Act periodically and review the Authority's policy annually. This paper provides a summary of the activities undertaken by Oxfordshire County Council that fall within the scope of this Act for the period from April 2018 to August 2019.

    The Committee is RECOMMENDED to:

    a)   **Consider and note the use of activities within the scope of the Regulation of Investigatory Powers Act by the Council, and**

    b)   **Note the Policy document at Annex 1 and to comment on any changes to the Policy for Compliance with the Regulation of Investigatory Powers Act 2000 that the committee would wish the Monitoring Officer to consider.**

6.   Draft Risk and Opportunities Management Strategy 2019-21 (Pages 23 - 46)

2.30pm

Report by the Interim Assistant Chief Executive

This report presents the draft Risk and Opportunities Management Strategy for 2019-21 which is due for consideration by Cabinet in October. If adopted, the Strategy will be the foundation for improvement of the Council's risk management framework.

The Committee is RECOMMENDED to comment on the draft Risk and Opportunities Management Strategy, to inform any necessary revisions before Cabinet's consideration on 15 October.

7.   External Auditors (Pages 47 - 74)

2.50pm

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

- Annual Audit Letter

8.   Information Governance (To Follow)

3.10pm

Report from the Director for Law and Governance.

This report will highlight the work of the Information Management team to give assurance on how these issues are handled within the Council.

The Committee is RECOMMENDED to note the report.

9.   Local Government Ombudsman - Annual Review Report (Pages 75 - 94)

3.30pm

Report by the Monitoring Officer.

Each year, the Local Government and Social Care Ombudsman (LGO) issues an Annual Review Report about each council in relation to the complaints made to the Ombudsman about that Council in the previous financial year. My report to this Committee therefore informs members about the LGO's Annual Review Report for Oxfordshire County Council for the year 2018/19.

The Committee is RECOMMENDED to note and comment on this report and on the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2018/19.

10. Monitoring Officer Annual Report (Pages 95 - 106)

3.50pm

Report by the Director of Law & Governance and Monitoring Officer.

The Audit and Governance Committee is responsible for promoting standards of conduct for elected councillors and co-opted members and for ensuring the integrity of the democratic decision-making process. Consequently, the Monitoring Officer reports annually to this Committee on relevant actions and issues that have occurred in the previous year. This report therefore summarises activities for the year 2018/19.

The Committee is RECOMMENDED to consider and endorse the report.

11. Internal Audit Plan - Progress Report 2019/20 (Pages 107 - 122)

4.10pm

Report by the Director of Finance.

This report presents the Internal Audit progress report for 2019/20.

The Committee is RECOMMENDED to note the progress with the 2019/20 Internal Audit Plan and the outcome of the completed audits.

12. Audit Working Group Report (To Follow)

4.30pm

Report by the Director for Finance.

This report presents the matters considered by the Audit Working Group Meeting of 4 September 2019.

The Committee is RECOMMENDED to note the report.

13. Work Programme (Pages 123 - 124)

4.40pm

To review the Committee's work programme and meeting dates.

14. **Transformation Sub-Committee** (Pages 125 - 130)

For information only – Draft Minutes from the Transformation Sub-Committee meeting held on 25 July 2019.

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, 17 July 2019 commencing at 2.00 pm and finishing at 4.55 pm

Present:

Voting Members:	Councillor Nick Carter – in the Chair
	Councillor Tony Ilott (Deputy Chairman) Councillor Paul Buckley Councillor D. McIlveen Councillor Glynis Phillips Councillor Les Sibley Councillor Roz Smith Councillor Ted Fenton (In place of Councillor Charles Mathew) Councillor Mike Fox-Davies (In place of Councillor Dr Simon Clarke)
Non-voting Members:	Dr Geoff Jones
By Invitation:	Janet Dawson and Sue Gill, Ernst & Young
Officers:	
Whole of meeting	Lorna Baxter, Director of Finance; Sarah Cox, Chief Internal Auditor; Colm Ó Caomhánaigh, Committee Officer
Part of meeting	

Agenda Item	Officer Attending
9	Hannah Doney, Strategic Finance Manager (Accounting and Reporting)
12	Owen Jenkins, Director of Community Operations; Paul Fermer, Assistant Director Community Infrastructure
13	George Eleftheriou, Director for Property, Investment and Facilities Management

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.

44/19 ELECTION OF CHAIRMAN FOR THE 2019/20 COUNCIL YEAR
(Agenda No. 1)

Councillor Mike Fox-Davies moved and Councillor Tony Ilott seconded that Councillor Nick Carter be elected Chairman of the Committee for the 2019/20 Council Year.

Councillor Paul Buckley moved and Councillor Glynis Phillips seconded that Councillor Roz Smith be elected Chairman of the Committee for the 2019/20 Council Year.

Both nominations were put to a vote. There were 4 votes for Councillor Nick Carter and 4 votes for Councillor Roz Smith.

The meeting adjourned briefly.

Both nominations were put to a second vote. There were 5 votes for Councillor Nick Carter and 4 votes for Councillor Roz Smith.

RESOLVED: that Councillor Nick Carter be elected Chairman of the Committee for the 2019/20 Council Year.

45/19 ELECTION OF DEPUTY CHAIRMAN FOR THE 2019/20 COUNCIL YEAR
(Agenda No. 2)

Councillor Nick Carter moved and Councillor Mike Fox-Davies seconded that Councillor Tony Ilott be elected Deputy Chairman of the Committee for the 2019/20 Council Year.

RESOLVED: that Councillor Tony Ilott be elected Deputy Chairman of the Committee for the 2019/20 Council Year.

46/19 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 3)

Apologies were received from Councillor Dr Simon Clarke (Councillor Mike Fox-Davies substituting) and Councillor Charles Mathew (Councillor Ted Fenton substituting).

47/19 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE
(Agenda No. 4)

In relation to Agenda Item 12, Councillor Roz Smith declared that she was also a councillor for Oxford City Council.

48/19 MINUTES
(Agenda No. 5)

The minutes of the meeting of 8 May 2019 were approved and signed.

The Chairman noted that the Report of the Peer Review, referred to in the last bullet point under Item 33/19, has been circulated to all Members.

The Chairman also proposed that a further update on the Carillion Recovery Plan be scheduled for the November meeting.

49/19 EXEMPT ITEM
(Agenda No. 6)

50/19 EXEMPT MINUTES
(Agenda No. 7)

The exempt minutes of the meeting of 8 May 2019 were approved and signed.

51/19 PETITIONS AND PUBLIC ADDRESS
(Agenda No. 8)

Julia Spragg, Fossil-Free Oxfordshire, addressed the Committee regarding Items 9 and 10. She stated that she had addressed the Committee in January raising concerns about how the Oxfordshire Pension Fund Committee was procuring its independent financial advice. Despite the Director of Finance's justification for current practice, the concerns remain and in view of the Climate Emergency acknowledged by the County Council earlier this year the group wished to reiterate those concerns.

She noted that signing off past years' audits had been delayed by an objection to the 2016/17 Pension Fund accounts concerning the management of the risk posed by the Fund's investments in fossil fuels. She was hoping to find out at this meeting whether or not they will uphold this objection.

Julia Spragg cited warnings by the Pensions Minister and the Governor of the Bank of England of the risks involved in investments in fossil fuels. Almost 1,000 institutional investors have made the pledge to sell-off their coal, oil and gas investments and Ireland has become the first nation to commit to divest.

She asked the Committee to consider two things: in view of the Council's acknowledgement of a Climate Emergency, to ensure that the Pension Fund Committee follows County Council policy and general good practice in obtaining the best independent financial advice; and to use its influence to pursue and resolve the outstanding objection to the 2016/17 Pension Fund accounts with the External Auditors.

52/19 STATEMENT OF ACCOUNTS 2018/19
(Agenda No. 9)

Hanna Doney introduced the report and apologised for the late circulation of the Annexes. This was in order to ensure that the Committee had the most up-to-date figures. Annex 3 on Page 163 of the Addenda listed the adjusted differences to the Unaudited Statement of Accounts 2018/19.

Officers responded to issues raised by Members as follows:

- The "Fair Value" of investments is a snap-shot taken on 31 March.
- The investment strategy specifies that 50% of the portfolio may be invested with external fund managers and pooled funds – not 50% of the cash balances.
- The draft accounts have been available since 31 May 2019. This report sets out any differences from that draft.
- Cabinet has approved an alternative way of making savings in Home to School Transport for over 16s with SEN but there is still a risk of overspend in the current year due to the demand and complexity of needs.

The following matters were noted by Members:

- Expenditure on Children's Services exceeded that on Adult Services for the first time.
- The targets for reducing carbon emissions and improving air quality need to be more ambitious given the Council's acknowledgement of the climate emergency.
- Is 64 still an appropriate upper limit on "working age" given that retirement age is now more commonly older than that?

It was agreed that, given the late circulation of the annexes, Members could email comments to the Chairman and Officers over the following week before the accounts are signed by the Chairman and Director of Finance at the end of the month.

RESOLVED: 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.**

53/19 EXTERNAL AUDITORS
(Agenda No. 10)

Janet Dawson introduced the OCC Audit Results Report. Work was still on-going but she anticipated an unqualified statement and expected a conclusion on the objection on LOBO loans so that the 2015/16 audit can be finally signed-off.

She responded to Members' questions as follows:

- The LOBO loan objection involved more than a dozen local authorities. It was a national issue. Auditors had to go through each LA step by step and ensure compliance and consistency.
- Auditors cannot comment on the detail of the 2016/17 objection related to fossil-fuel investments other than to say that they are of the view that there will be no impact on the Statement of Accounts. A provisional position has been reached but objectors have the opportunity to comment. It is coming close to the end of the process.

The Chairman invited Members to channel any further comments through him given the late circulation of the OCC Report.

Sue Gill introduced the Oxfordshire Pension Fund Audit Results Report. She along with Lorna Baxter responded to Members' questions as follows:

- Additional charges in 2017/18 cover extras such as the change of custodian and were approved by the Director of Finance.
- To give assurance regarding governance of the Brunel Pension Partnership auditors will ensure policies are up to date and check minutes of meetings.
- The Director of Finance is the shareholder for OCC and attends meetings.
- The Brunel Pension Partnership accounts are audited separately by private audit standards.

RESOLVED: to note the reports.

54/19 TREASURY MANAGEMENT OUTTURN 2018/19
(Agenda No. 11)

The Chairman clarified that the recommendation on the Agenda was incorrect. The Committee was just recommended to note the report. Only Cabinet could recommend that Full Council note the Treasury Management Activity.

Lorna Baxter introduced the report which had been discussed by Cabinet on the previous day. She drew particular attention to the benchmarking charts on Agenda Page 65 which showed that the Council gets an above average return with lower than average risk.

She responded to Members' questions as follows:

- The net overachievement (paragraph 6) was as a result of the base rate and cash balances being higher than expected.
- The benchmarking used by the Council is fairly standard and not under-ambitious.
- Portfolios differ – the graph on Agenda Page 66 shows that this Council has much more in Local Authority deposits than the average.
- In relation to Counterparties suspended (page 59), Arlingclose advise the Council and this is updated on a daily basis.

RESOLVED: to note the report.

55/19   OXFORD DIRECT SERVICES WORK ARRANGEMENT
(Agenda No. 12)

Owen Jenkins gave a presentation on the Council's work arrangements with Oxford Direct Services for highways in the city area. He and Paul Fermer responded to issues raised by Members as follows:

- It was expected that the arrangement should improve efficiencies. For example, a city-based service would need less travelling. It appears to be working well so far but a detailed assessment is needed and officers will return to the Committee when that analysis is available.
- The number of complaints on Fix My Street is down and responses are quicker.
- The KPIs help to make comparisons and Member feedback is important too.
- Frideswide Square and Queen Street are make-safe only because specialised materials are needed and the County Council will either provide additional funding or make the materials available.
- ODS will report when they believe that resurfacing is needed. Such reports go to the Asset Management Team.
- The small size of the line-painting budget is an issue. The focus is on safety and statutory requirements.
- It was agreed that the forward plan of works needs to be available for the process to be more transparent.

Members questioned whether the number of reports on Fix My Street was an accurate indicator. They felt that many people have become resigned to pot-holes and have stopped reporting them.

56/19   REVIEW OF CORPORATE SECURITY
(Agenda No. 13)

George Eleftheriou gave a presentation to update Members on the current state of the review of Corporate Security. The goal is to create a security service OCC-wide, managed from one service area in the organisation. It is a large piece of work to identify all the current individual security functions and arrangements across the Council.

One of the issues is the fact there does not seem to be any security specific related budget and any spend in relation to security sits with each individual service area to manage.

Councillor Roz Smith suggested that any new CCTV upgrade should link to the City Council's existing system, however this will need to be reviewed and assessed in accordance with the security service specification which is going to be produced and if applicable.

It was agreed to take the next update on the review at the November meeting.

57/19   COUNTER FRAUD STRATEGY AND PLAN FOR 2019/20
(Agenda No. 14)

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

- The multi-disciplinary approach referred to in paragraph 6 means having all relevant people in the discussion, for example legal, children's services.
- The Chief Internal Auditor met with the Head of Fraud at West Oxfordshire District Council to further improve linkages there.   This is particularly important in improving prevention of fraud.
- The Council has not pulled out of its arrangements with the City Council on Single-person Discounts.   There have been communications issues there but the work is continuing in part.
- With Direct Payments, where there used to be one or two cases reported annually, there are now 10 to 20 cases of financial abuse by or against a service-user.   One case potentially in excess of £40,000 was referred to the police but no action has been taken yet.   OCC's focus is on prevention.
- The whistleblower pages were reviewed to ensure that staff were clear on the names and numbers they could contact.

RESOLVED: to

a)   note the summary of activity from 2018/19; and

b)   comment and note the Counter Fraud Strategy and Plan for 2019/20.

58/19   INTERNAL AUDIT CHARTER
(Agenda No. 15)

Sarah Cox introduced the report.   The Committee is required to approve the Internal Audit Charter on an annual basis.   Internal Audit was assessed by CIPFA in November 2017 with a positive outcome.

Geoff Jones noted that among the key duties was approval of the Internal Audit budget.   Sarah Cox responded that the Committee gets a breakdown on the how the work days are split.   She suggested that perhaps the word "approval" might be taken out.

Councillor Roz Smith noted that the mission statement on the top of Agenda Page 96 was a very useful definition of what internal audit does.

RESOLVED to:

a)   approve the Internal Audit Charter; and

b)   note the Quality Assurance and Improvement Programme.

59/19   AUDIT WORKING GROUP REPORT
(Agenda No. 16)

Sarah Cox introduced the report. Much of the discussion at the Working Group meeting surrounded training. In September the Committee will have private briefings with the internal and external auditors before the main meeting.

She proposed to have a session before the November Committee meeting on the CIPFA guidance for Audit Committees. The self-evaluation document will be circulated in advance. Such a session may identify further training needs.

Training on counter-fraud will be organised after that and All-Member training on Section 106s will also be organised for the autumn.

Geoff Jones expressed concern that there may be too much focus on the IT procurement aspect of the S106 issue which may only postpone a solution.

Councillor Ted Fenton referred to difficulties in getting information on S106s. He said that he is usually referred to the legal document which is very difficult to understand.

The Chairman asked that the Strategic Director for Communities be invited to the next Working Group discussion on S106s.

RESOLVED: to note the report.

60/19   WORK PROGRAMME
(Agenda No. 17)

It was agreed to change the date of the Committee meeting in July 2020 from 15 July to 22 July.

The following changes were agreed to the Work Programme:

11 September 2019
The Oxford Direct Services audit item will be taken under the Internal Audit Plan – Progress Report.

13 November 2019
Add the following items-
Financial Management Code (Lorna Baxter)
Update on the Carillion Recovery Plan (Owen Jenkins)
Corporate Security Update (George Eleftheriou)

.... in the Chair

   Date of signing   ....

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AUDIT & GOVERNANCE COMMITTEE – 11 SEPTEMBER 2019

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

Report by the Monitoring Officer

RECOMMENDATIONS

1. The Committee is RECOMMENDED to:

   a) Consider and note the use of activities within the scope of the Regulation of Investigatory Powers Act by the Council, and

   b) Note the Policy document at Annex 1 and to comment on any changes to the Policy for Compliance with the Regulation of Investigatory Powers Act 2000 that the committee would wish the Monitoring Officer to consider.

Executive Summary

2. The introduction of the Regulation of Investigatory Powers Act 2000 ('the Act') created a framework within which public bodies can lawfully carry out covert activities. Codes of Practice under the Act require that elected members review the Authority's use of activities within the scope of the Act periodically and review the Authority's Policy annually. This report provides a summary of the covert activities undertaken by the council between April 2018 and March 2019 for review by the committee. The report also provides the committee with an opportunity to review and comment on the council's Regulation of Investigatory Powers Act Policy.

Introduction

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

4. Codes of Practice under the Act require that elected members review the Authority's use of activities within the scope of the Act periodically and review the Authority's policy annually. This paper provides a summary of the activities undertaken by Oxfordshire County Council that fall within the scope of this Act for the period from April 2018 to August 2019. The Authority's Policy for Compliance with the Regulation of Investigatory Powers Act 2000 is attached in Annex 1 for consideration.

5. As part of the legislative regime, the Office of Surveillance Commissioners carry out inspections from time to time to examine an authority's policies, procedures, operations and administration. Our last inspection was in May 2017. All actions to address the findings of the Commissioner's inspections have been completed and were included in the 2018 annual report to the committee on the use of activities within the scope of RIPA.

Use of the Act by Oxfordshire County Council

6. Between April 2018 and March 2019 the Council authorised covert surveillance on 7 occasions. This is an increase in use of activities within the scope of the Act from only 3 occasions between April 2017 and March 2018.

7. All but 1 of the authorisations for surveillance granted in 2018/2019 related to investigations concerning the sale of illegal tobacco. Illegal tobacco refers to cigarettes, hand-rolling tobacco or other smoking products that have been smuggled into the UK without tax being paid on them, or which are counterfeit. They can be attractive to children and young people as they are often sold at "pocket money prices" by unscrupulous sellers. The importation, distribution and supply of illegal tobacco is often linked with other forms of criminality.

8. The County Council's Trading Standards team is working with retailers and partner organisations to raise awareness of the problem of illegal tobacco and carries out enforcement action when required. Investigations of suspected supplies of illegal tobacco normally involve a covert test purchase. The purpose of the test purchase is to obtain a sample of the product being sold in order to ascertain whether it is legal to sell in this country and to identify the persons involved in the sale. Covert test purchases also assist in identifying where stocks of the product are being stored since illegal tobacco is frequently hidden in or around the premises from which it is sold.

9. Covert test purchases are an essential operational tactic in the efforts to tackle the sale of illegal tobacco. These test purchases must be authorised under the Act and require the careful consideration of whether the intrusion is necessary for the purpose of prevention and detection of crime and proportionate to the outcome being sought.

10. Since a new initiative to tackle the supply of illegal tobacco in Oxfordshire commenced in August 2017 covert test purchases have resulted in 25 sales of illegal tobacco products from 11 different premises. A total of 2160 illegal cigarettes have been purchased covertly.

11. More recently, as a result of intelligence from partner agencies and the public, trading standards have conducted test purchases from individuals offering illegal tobacco for sale via Facebook "buying and selling" pages. So far 4 sales from 3 different individuals have been made resulting in the purchase of 1820 illegal cigarettes and 1.3kg of hand-rolling tobacco.

12. As a result of trading standards investigations, in the last 18 months 12 formal enforcement visits have been made to retail premises and warrants have been executed at 6 residential premises resulting in a total seizure of 83,655 illegal cigarettes and 16.15 kg of illegal hand-rolling tobacco. One motor vehicle was seized (by HMRC) as part of a trading standards-led operation. Four individuals have been prosecuted for illegal tobacco offences resulting in convictions for all four and sentences totalling 12 months imprisonment with fines and costs totalling £8,440. A further individual has pleaded guilty and is awaiting sentencing and confiscation proceedings.

13. Four applications to review the premises licence to sell alcohol (on the grounds of breaching the "preventing crime and disorder" objective of the Licensing Act) have been made following trading standards investigations into illegal tobacco sales. These licence reviews resulted in a revocation of the premises licence in one case, a 3-month licence suspension in another and additional conditions being added to the premises licences for the other two businesses.

14. The other authorisation under the Act provided between April 2018 and March 2019 related to the legal controls on the sale of knives. Under the Criminal Justice Act 1988, it is an offence for any person to sell a knife or similar bladed instrument to a person under 18. Trading standards carries out test purchases in order to ascertain whether a person under 18 years of age could obtain a knife from a shop in Oxfordshire. Prior to any test purchase the business concerned will receive advice from trading standards.

15. In 2018 42 businesses in Oxfordshire received an advisory visit from trading standards and 18 were subject of a test purchase. Of these, 2 businesses sold a knife to a person who was under 18 years of age.

16. In the same period there were no requests for access to communications data that were authorised (i.e. requests to provide the names and addresses of subscribers of telephone numbers). This activity also falls within the scope of the Act and is addressed in the Council's RIPA Policy.

RIPA Policy

17. The Council's RIPA Policy is included in Annex 1 of this report. This policy has been reviewed since the last report to the committee but no changes have been made to it other than minor revisions of job titles.

18. The Committee is asked to note the Policy and comment to the Monitoring Officer on any matters that they would like the Monitoring Officer to consider.

Magistrate's Oversight

19. From October 2012 the Protection of Freedoms Act 2012 required Judicial oversight of authorisations of covert surveillance activities. All authorisations for covert surveillance activities falling within the scope of the Act granted by local authorities now need Magistrate's approval before they take effect. All

applications made to Magistrates between April 2018 and March 2019 were approved.

Conclusion

20. Use of activities that fall within the scope of the Act remains infrequent by this Council. However, in the last year trading standards operational activity to tackle the sale of illegal tobacco has resulted in an increase in applications to undertake activities within the scope of the Act. The outcomes of the investigations into the suspected supply of illegal tobacco show that this issue remains a problem in the county and therefore the continued use of covert surveillance as part of these investigations is considered necessary.

NICK GRAHAM
Monitoring Officer and Director of Law and Governance

Contact officer: Richard Webb. Tel: 01865 815791

**POLICY ON COMPLIANCE WITH THE
REGULATION OF INVESTIGATORY POWERS
ACT 2000 (RIPA)**

1. Introduction

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

1.2 The authorisation requirements under RIPA also apply to the use of social media sites for investigations or gathering evidence to assist in enforcement activities, as set out below:
- officers must not create a false identity in order to 'befriend' individuals on social networks without authorisation under RIPA.
- officers viewing an individual's public profile on a social network should do so only to the minimum degree necessary and proportionate in order to obtain evidence to support or refute the suspicions or allegations under investigation.
- repeated viewing of open profiles on social networks to gather evidence or to monitor an individual's status, must only take place once RIPA authorisation has been granted and approved by a Magistrate.
- officers should be aware that it may not be possible to verify the accuracy of information on social networks and, if such information is to be used as evidence, take reasonable steps to ensure its validity.

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

1.4 The Council policy is that specific authorisation is required for any covert surveillance investigation. There are only a small number of authorising Officers who can give this permission and these are as follows:
- Director of Law and Governance
- Designated authorising officer – Assistant Director; Regulatory Services and Community Safety.
Before authorisation it will normally be necessary to consult with the relevant Deputy Director/Head of Service.

1.5 Before seeking authorisation you should discuss the matter with your Line Manager.

1.6 This Policy applies to all services except Trading Standards who have their own specific internal Service procedures for dealing with authorisations. However, copies of all authorisations including those for Trading Standards will be forwarded to the Director of Law and Governance for retention in a central register, and Trading Standards will simply be exempt from the provisions of this policy concerning prior authorisation.

2. **Definitions**

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

Covert Surveillance – This is carried out to ensure the person who is the subject of the surveillance is unaware that it is or may be taking place. The provisions of RIPA apply to the following forms of covert surveillance:
a) Directed Surveillance – is covert but not intrusive, is undertaken for the purposes of a specific investigation which is likely to result in the obtaining of private information about a person (targeted or otherwise) e.g. checking staff are making claimed visits, time spent etc.
b) Intrusive Surveillance - Local authorities may not use hidden officers or concealed surveillance devices within a person's home or vehicle in order to directly observe that person.[1]
c) Covert Human Intelligence Source (CHIS) – This is an undercover operation whereby an informant or undercover officer establishes or maintains some sort of relationship with the person in order to obtain private information e.g. test purchasing, telephone calls where the identity of the caller is withheld.

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

3. **RIPA Requirements**

3.1 Directed surveillance only falls within the scope of the RIPA if it meets one of the following tests – criminal offences which attract a maximum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco.
Directed surveillance that does not meet one of these tests will fall outside the scope of the RIPA. In this instance specific authorisation must be sought from the Director of Law and Governance before the activity can take place.

3.2 Basically directed surveillance must be authorised prior to it taking place, be subject to regular review and must be shown to be necessary and

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

proportionate. RIPA does not enable a local authority to make any authorisations to carry out intrusive surveillance.

3.3 All non-intrusive covert surveillance and CHIS requires prior authorisation by the appropriate Local Authority Officer (as set out in this policy) before any surveillance activity takes place. The only exception to this is where covert surveillance is undertaken by way of an immediate response to events that means it was not foreseeable and not practical to obtain prior authorisation.

3.4 Judicial approval is also required before any internal authorisations given under RIPA take effect. Once internal authorisation has been granted a specific application to the Magistrates Court will be required.

3.5 A flow chart showing the authorisation procedures for covert surveillance and the relevant considerations at each stage is included in appendix 2 of this policy.

3.6 There is no direct sanction against Local Authorities within the RIPA for failing to seek or obtain authorisation within the organisation for surveillance, nevertheless such activity by its nature is an interference of a person's right to a private and family life guaranteed under Article 8 of the European Convention on Human Rights. The Investigatory Powers Tribunal is able to investigate complaints from anyone who feels aggrieved by a public authority's exercise of its powers under RIPA.

3.7 The consequences of not obtaining authorisation and Judicial approval may mean that the action is unlawful by virtue of Section 6 of the Human Rights Act 1998 i.e. a failure by the Authority to conduct this work in accordance with human rights conventions. Obtaining authorisation will ensure the Local Authority's actions are carried out in accordance with the law and satisfy the stringent and necessary safeguards against abuse.

4. Grounds of Necessity

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

5. Proportionality

5.1 Once a ground for necessity is demonstrated, the person granting the authorisation must also believe that the use of an intelligence source or surveillance is proportionate, to what is aimed to be achieved by the conduct and use of that source or surveillance. This involves balancing the intrusive nature of the investigation or operation and the impact on the target or others who might be affected by it against the need for the information to be used in operational terms. Other less intrusive options should be considered and evaluated. All RIPA investigations or operations are intrusive and should be

carefully managed to meet the objective in question and must not be used in an arbitrary or unfair way.

5.2 Before authorising applications for directed surveillance, the authorising officer should also take into account the risk of obtaining private information about persons who are not subjects of the surveillance (collateral intrusion). Where such collateral intrusion is unavoidable, the activities may still be authorised, provided this intrusion is considered proportionate to what is sought to be achieved. Measures should be taken wherever practicable to avoid unnecessary intrusion into the lives of those not directly connected with the operation. All applications should therefore include an assessment of the risk of collateral intrusion and details of any measures taken to limit this to enable the authorising officer fully to consider the proportionality of the proposed actions.

6. Confidential Material

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

7. Implementation Procedure

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

7.2 All applications for authorisation and authorisations must be made in accordance with the procedure and on the appropriate forms: (download forms from the following link:
http://intranet.oxfordshire.gov.uk/cms/content/ripa-policy-surveillance)
RIPA Form 1 – Authorisation Directed Surveillance
RIPA Form 2 – Review of a Directed Surveillance Authorisation
RIPA Form 3 – Renewal of a Directed Surveillance Authorisation
RIPA Form 4 – Cancellation of a Directed Surveillance Authorisation
RIPA Form 5 – Application for Authorisation of the conduct or use of a Covert Human Intelligence Source (CHIS)
RIPA Form 6 – Review of a Covert Human Intelligence Source (CHIS) Authorisation
RIPA Form 7 – Application for renewal of a Covert Human Intelligence Source (CHIS) Authorisation
RIPA Form 8 – Cancellation of an Authorisation for the use or conduct of a Covert Human Intelligence Source (CHIS)
RIPA Form 9 – Application request for Communications Data
RIPA Form 10 – Application for a Judicial Order

7.3 All requests for authorisation must be forwarded to the Director of Law and Governance who will maintain a central record for inspection. The Director of Law and Governance will monitor the central register periodically and produce an annual report to CLT and Audit & Governance Committee. Renewal of authorisations will be for 3 months and cancellation[2] of authorisations should be requested as soon as possible i.e. as soon as the surveillance is no longer considered necessary. Judicial approval is required for the renewal of an authorisation but it is not required for any internal review or cancellation.

7.4 The Authorising Officers may authorise a person to act in their absence, the substitute will be a Senior Manager and who will have overall management responsibility for the operation/investigation. A list of all current named Authorising Officers and named substitutes will be included in the central register and appended to this Policy (Appendix 1). The Director of Law and Governance will approve all proposed Authorising Officers for inclusion in a central register. The annual report to CLT and Audit & Governance Committee will also include a review of the appropriate designated Authorising Officers.

7.5 All Managers have responsibility for ensuring that they have sufficient understanding to recognise when an investigation or operation falls within the requirements of RIPA. Authorising Officers will keep up to date with developments in the law and best practice relating to RIPA.

7.6 Authorising Officers must ensure full compliance with the RIPA Authorisation Procedure set out in the appropriate forms in 7.2 above.

7.7 Authorising Officers and Deputy Directors/Heads of Service will co-operate fully with any inspection arranged by the Office of Surveillance Commissioners.

7.8 RIPA Coordinator (Assistant Director; Regulatory Services and Community Safety):
The role of the RIPA coordinator is to have day-to-day oversight of all RIPA authorisations and maintain a central register of all authorisations, review dates, cancellations and renewals.
All forms should be passed through the coordinator to ensure that there is a complete record of all authorisations, contents of the forms will be monitored to ensure they are correctly filled in and the coordinator will supply quarterly statistics to the Senior Responsible Officer (Director of Law and Governance /Monitoring Officer).
The Coordinator will also monitor training requirements and organise training for new staff as appropriate, and ensure continued awareness of RIPA throughout the council via staff information on the Council's Intranet.

8. Communications Data

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[2] All cancellations must be made in compliance with OSC guidance note 145; Office of the Surveillance Commissioner – Procedures and Guidance

8.1 Part I of RIPA sets out these requirements. The Council can access certain communications data only "for the purpose of preventing or detecting crime or of preventing disorder". The exception to this is for the Fire Control Officer in an emergency for the purposes of preventing death or injury.
Despite what some commentators claim the Council does not have an automatic legal right to intercept (i.e. "bug") phones or listen into other people's telephone conversations. The primary power the Council has is to obtain certain details (e.g. name and address) of a telephone subscriber from communication service providers (CSP) such as: BT, Vodafone, Orange etc. Monitoring of calls may be necessary for legitimate employment purposes but will be subject to the same authorisation requirements as set out in this policy.

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

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

9. Briefings

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

10. Conclusion

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

11. Review of Authorisations and Policy

11.1   The Council's "Audit and Governance Committee" will review:
- all authorised RIPA applications on a regular basis; and
- an annual report from the Director of Law and Governance on the operation of the Policy; and
- the policy annually to ensure it remains compliant with current legislation, relevant codes of practice and continue to meet the responsibilities of the council.

Senior Responsible Officer: Director of Law and Governance and Monitoring Officer

RIPA Coordinator: Assistant Director, Regulatory Services and Community Safety

Date: August 2019
Next Review Date: August 2020

Appendix 1 – Authorising Officers and Named Substitutes

Authorising Officer – Nick Graham, Director of Law and Governance
(Named substitute - Glenn Watson, Principal Governance Officer)

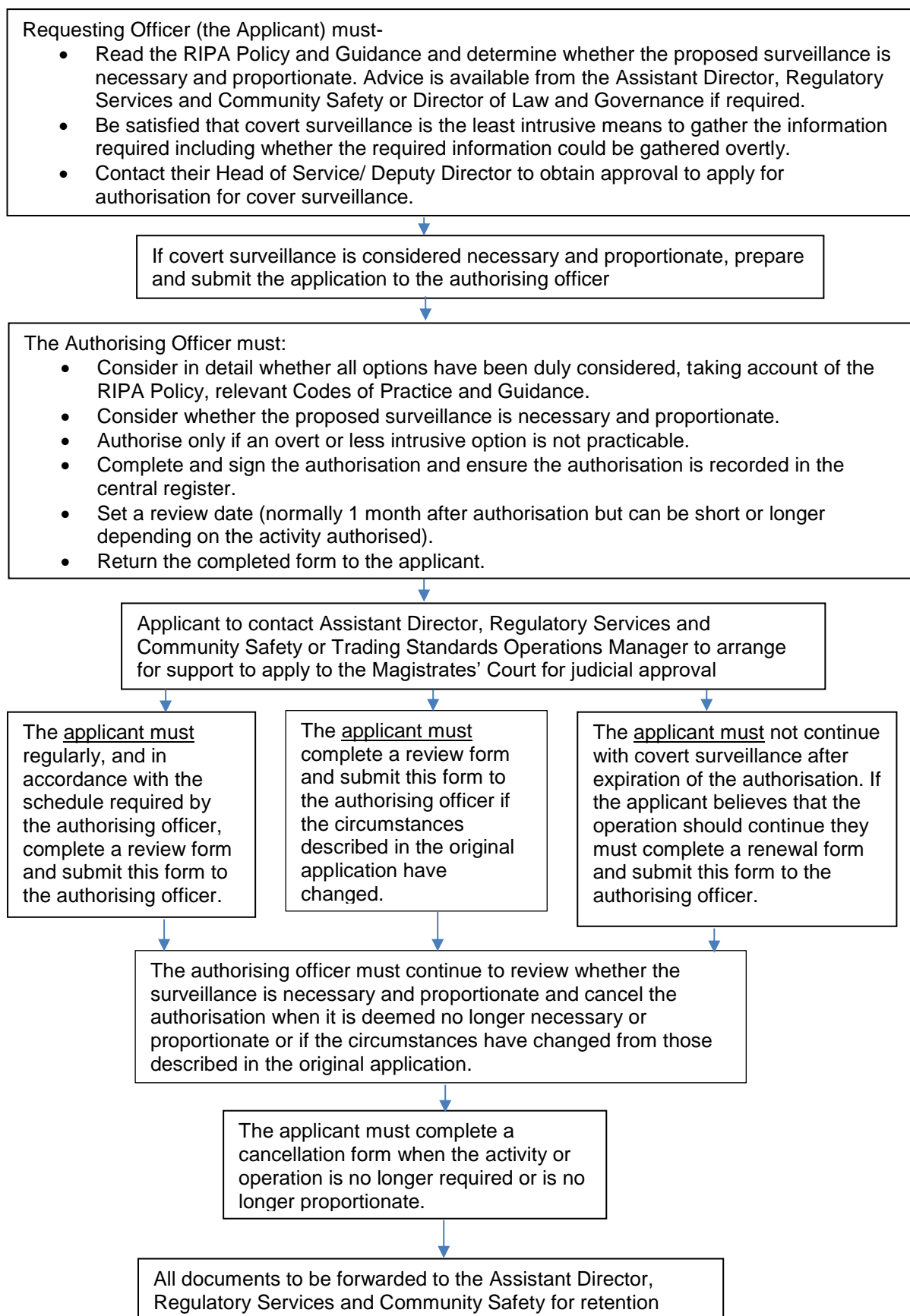Authorising Officer – Richard Webb, Assistant Director, Regulatory Services and Community Safety
(Named substitute - Jody Kerman, Trading Standards Operations Manager)

Authorising Officer and Named Substitute – Lorna Baxter Director of Finance and S151 Officer

Confidential Material Special Authorisation – Yvonne Rees, Chief Executive**

**Named Substitute – Lorna Baxter Director of Finance and S151 Officer

Appendix 2- Flow Chart of Authorisation Procedures and Considerations for Covert Surveillance

Requesting Officer (the Applicant) must-
- Read the RIPA Policy and Guidance and determine whether the proposed surveillance is necessary and proportionate. Advice is available from the Assistant Director, Regulatory Services and Community Safety or Director of Law and Governance if required.
- Be satisfied that covert surveillance is the least intrusive means to gather the information required including whether the required information could be gathered overtly.
- Contact their Head of Service/ Deputy Director to obtain approval to apply for authorisation for cover surveillance.

If covert surveillance is considered necessary and proportionate, prepare and submit the application to the authorising officer

The Authorising Officer must:
- Consider in detail whether all options have been duly considered, taking account of the RIPA Policy, relevant Codes of Practice and Guidance.
- Consider whether the proposed surveillance is necessary and proportionate.
- Authorise only if an overt or less intrusive option is not practicable.
- Complete and sign the authorisation and ensure the authorisation is recorded in the central register.
- Set a review date (normally 1 month after authorisation but can be short or longer depending on the activity authorised).
- Return the completed form to the applicant.

Applicant to contact Assistant Director, Regulatory Services and Community Safety or Trading Standards Operations Manager to arrange for support to apply to the Magistrates' Court for judicial approval

The applicant must regularly, and in accordance with the schedule required by the authorising officer, complete a review form and submit this form to the authorising officer.

The applicant must complete a review form and submit this form to the authorising officer if the circumstances described in the original application have changed.

The applicant must not continue with covert surveillance after expiration of the authorisation. If the applicant believes that the operation should continue they must complete a renewal form and submit this form to the authorising officer.

The authorising officer must continue to review whether the surveillance is necessary and proportionate and cancel the authorisation when it is deemed no longer necessary or proportionate or if the circumstances have changed from those described in the original application.

The applicant must complete a cancellation form when the activity or operation is no longer required or is no longer proportionate.

All documents to be forwarded to the Assistant Director, Regulatory Services and Community Safety for retention

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AUDIT and GOVERNANCE COMMITTEE – 11 September 2019

Draft Risk and Opportunities Management Strategy 2019-21

Report by the Assistant Chief Executive

RECOMMENDATION

1. The committee is RECOMMENDED to comment on the draft Risk and Opportunities Management Strategy, to inform any necessary revisions before Cabinet's consideration on 15 October.

Executive summary

2. This report presents the draft Risk and Opportunities Management Strategy for 2019-21. The Strategy will be the foundation for improvement of the Council's risk management framework.

Background

3. Our current Risk Management and Assurance Policy was last updated in July 2016. Since then the Council has published a new Corporate Plan, embarked on major transformation activity within services and across the organisation, and entered into a new partnership relationship with Cherwell District Council. Further, in March 2019, the Corporate Peer Review considered our organisational capacity, including our approach to risk management.

4. In response to this context and new insight, a revised risk management framework has been prepared to set the policy and management environment for a refreshed approach to risk and opportunity management.

Key issues

5. The Strategy (Annex A) sets out the Council's approach to risk and opportunity management and will help to further embed both as a part of the County Council's everyday work. The Strategy is aimed at both officers and councillors, recognising that a consistent approach to the management of risk – whether threats or opportunities – is needed across the whole Council.

6. The role of the Audit and Governance Committee with respect to risk is addressed in Section 3.

7. CEDR (Chief Executive's Direct Reports) has reviewed the draft Strategy so that it can proceed for formal consideration at Cabinet's October meeting. Consideration by Audit and Governance Committee will support and inform Cabinet's decision-making.

8. Planning for implementation and improvement is owned by CEDR and supported by the Corporate Team, with oversight by the Interim Chief Executive and Director of Finance.

9.   Revised corporate risks at the "leadership risk" level have been assessed alongside the development of the new Strategy and will be reported through regular business management reporting arrangements.

       Next steps

10.   Following formal approval by Cabinet in October, the Strategy would be published on our intranet and promoted to staff and members. Implementation of the strategy will be led by CEDR and supported by the Corporate Team, directorate Risk Champions and other colleagues. Subsequent monitoring of the Strategy and its implementation should be undertaken by Audit & Governance Committee throughout the year.

CLAIRE TAYLOR

Interim Assistant Chief Executive

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DRAFT
Risk and Opportunities Management Strategy

2019-21

Owner:	Claire Taylor
Author: Ian Dyson and Ben Threadgold
Date of next review: January 2020

Version History:

Version	Date	Section	Reviewer	Description of Amendment
0.1	16 May 2019	All	Ian Dyson	Version created
0.2	1 Aug 2019	All	Claire Taylor	Full review
0.3	14 Aug 2019	All	Steven Fairhurst Jones	Administrative review
0.4	29 Aug 2019	3	Robin Rogers	Minor revisions

CONTENTS

Section 1: Introduction

1.1 An overview of Risk Management

This strategy outlines the overall approach to risk and opportunities management for Oxfordshire County Council.

The aim of the risk management strategy is to ensure the Council identifies and manages risk especially with regards to those risks (both financial and non-financial) that may have an impact on the performance of the Council as a whole and, in particular, on its ability to deliver its strategic priorities and financial sustainability.

Risk management is recognised as being concerned with both the positive and negative aspects of risk – that is to say, opportunities as well as threats. This strategy therefore applies to risk from both perspectives.

Risk can be defined as:

> "an uncertain event or set of events that, should it occur, will have an effect (positive or negative) on the achievement of the Council's objectives, performing its duties or meeting the expectations of its stakeholders"

The Council is aware that risks will always arise, and that risk cannot be fully eliminated, only managed to an acceptable level. Within this context the Council is committed to managing risk in order to reduce the impact on the organisation, its priorities and service provision.

Risk management will be embedded within the daily operations of the Council, from strategy and policy formulation through to business planning and general management processes. It will also be applied where the Council works in partnership with other organisations, to ensure that partnership risks are identified and managed appropriately.

Through understanding risks, decision-makers (councillors and officers) will be better able to evaluate the likely impact of a particular decision or action on the achievement of the Council's strategic priorities.

1.2 The Risk Management Framework

Oxfordshire County Council is committed to ensuring risk management is embedded across the whole organisation. For risk management to be successful, it is imperative that there is a single, yet flexible, approach for the management of business risk, adopted through all levels of the organisation.

The Council's risk management framework follows good practice guidance to help the Council to be an effective and efficient organisation. Councillors and officers are supported in this activity by the Corporate Team, which maintains and promotes the risk management framework, which includes:

- Risk and Opportunities Management Strategy
- Risk Management Action Plan
- Risk Management Tools and Guidance

Risk & Opportunities Management Strategy Page 4

- Risk Management Training
- Risk Assurance Statement

Effective risk management is an important part of corporate governance, performance management and financial planning. It adds value by:

- raising awareness of significant risks with priority ranking assisting in the efficient control of the risks

- allocating responsibility and accountability for risks and associated controls and any actions required to improve controls

- aiding the process of strategic and business planning

- identifying new opportunities and supporting innovation

- providing a framework for the effective management of Leadership risks

- aiding effective partnership working, particularly in terms of identifying shared risks

Primarily, councillors and senior leaders of the organisation will be focused on the strategic and business critical risks that could impact on the achievement of objectives or successful delivery of outcomes. Collectively these are known as "Leadership risks" and are managed via the Leadership Risk Register.

More detailed operational risks will be the primary concern of services and functions, where managers will control and monitor their risks and escalate these to a strategic level if the risk is no longer appropriately contained and managed at an operational level.

Identified risks and mitigations are managed through risk registers and should be regularly discussed, reviewed and updated. Frequent risk reporting takes place across all levels of the organisation.

The Corporate Team has a key role to play in supporting the operating principles of the Council and helping to achieve the strategic aims and priorities by providing oversight, challenge and assurance that risk is being effectively managed across the organisation.

1.3   Strategy Objectives

The objectives of the Risk and Opportunities Management Strategy are to:

- support understanding and consistent implementation of the Council's approach to risk management

- raise awareness of the principles and benefits involved in the risk management process, and to obtain staff, management and Member commitment to the principles of risk management and control

- facilitate compliance with best practice in corporate governance, which will inform the Annual Governance Statement (issued with the annual statement of accounts)

- support the use of standard risk registers that

- identify and assess all Leadership and strategic risks and opportunities to assist the Council in achieving its strategic priorities through proactive risk management

- rates all significant risks in terms of likelihood of occurrence and potential impact upon the Council and ensure effective controls are in place to mitigate significant risks, to offer assurance that these controls are effective

- allocates clear ownership, roles, responsibilities and accountability for risk management

- ensure that good quality risk information is provided to the Chief Executive's Direct Reports (CEDR), senior managers and councillors, providing a framework for assurance that the controls and actions identified to mitigate a risk are operating effectively

1.4   Risk Appetite

Risk management should not focus on risk avoidance, but on the identification and management of an acceptable level of risk. The term for the level of risk we find acceptable is "risk appetite".

The Council aims to proactively identify, understand and manage the risks inherent in services and associated with business/service plans, policies and strategies, to support responsible, informed risk taking and, as a consequence, aim to achieve measurable value. The Council provides for a supportive culture but will not support inappropriate risk taking.

Oxfordshire County Council will use risk management to add value, aiming to achieve a balance between under-managing risks (i.e. being unaware of risks or having little or no control over them), and over-managing them (i.e. a resource heavy and bureaucratic level of management and control which could stifle innovation and creativity).

Appropriately managed and controlled risk-taking and innovation will be encouraged where it supports the delivery of the Council's strategic priorities

Particular focus will be on the Council's ambitions for increasing income generation and self-sufficiency through sound investments, effective asset management and commercialisation opportunities.

Any risks associated with these plans will be managed through the appropriate mechanisms, ensuring due diligence has taken place. These include sound business cases, effective project management and working with external partners for specialist advice. Channels will be in place to report risks into the relevant management groups and democratic committees to ensure full transparency and allow any actions to be taken as necessary.

1.5 Embedding Risk Management

Risk Management is a standing item on the Chief Executive's Direct Reports (CEDR) agenda as part of the monthly business management and monitoring reports). This ensures that identification and consideration of risk, corporately and across services, is emphasised and highlighted regularly. Risks can be escalated at any point to CEDR (who meet weekly) to discuss and make a decision as to whether the risk is a Leadership risk or should be managed at an operational level.

Risk is reported to Cabinet as part of an integrated budget performance and risk framework. This ensures strategic risks are kept in focus by the relevant lead cabinet portfolio holders.

The Audit and Governance Committee (see section 3.2 below) is supported by the Audit Working Group, which receives regular risk management updates and periodically reviews the Leadership Risk Register. This scrutiny of risk ensures there is both senior officer level and political commitment to effective risk management.

The inclusion of risk registers within service areas and risk logs in key programmes and projects seeks to reinforce the importance of assessing and being aware of the risks associated with each service and major project. Key operational risk management activities should be included within service plans and progress monitored at Directorate level meetings. As such the integration of risk into business planning, strategic priorities and performance management is an essential part of the drive to embed risk management.

Activities such as training, communication and clear risk management support arrangements help to embed risk. The following summarises key activities to be undertaken to ensure risk management is embedded across the Council:

- A monthly review of the Leadership Risk Register by CEDR, who take responsibility for ensuring that management actions highlighted in the risk registers are implemented

- The Leadership risk review is presented to the relevant Council committees according to their work programmes, to ensure councillors have good access to risk information

- Risk management and risk escalation awareness training sessions will be facilitated for councillors and officers.

- A process of annual review is undertaken by CEDR to ensure the Leadership Risk Register remains up to date and that obsolete risks are removed.

- An officer working group will be set up to embed, review and develop risk practices. Operational and Leadership risks are to be discussed as appropriate and ensure officers have the necessary training.

- Internal Audit will be asked to give assurance with regards to risk management structures and processes.

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Section 2: Risk Management Processes

2.1 The Risk Management Process

Risk Management follows a four stage process. The stages are: identifying risks, assessing risks, managing and controlling risks and reviewing and reporting risks:

Risk management is seen as a comprehensive management process that helps the Council meet its objectives and avoid issues, losses and situations that could result in failing to meet strategic priorities, failure of corporate systems or failure of significant partnerships, services, programmes and projects.

To ensure this process is effectively undertaken the Council maintains and reviews a register of Leadership risks and opportunities and links them to strategic business priorities.

Ownership is assigned for each risk; risk owners may delegate the management of each risk to an appropriate officer. CEDR identifies risks and reviews the register. The Council's committees also undertake a monitoring and oversight role on a regular basis.

2.2 Identifying Risk and Opportunity

The process of identifying risk is both formal (as part of business and project planning) and informal, as part of everyday activity (operations/projects). This section sets out the organisational process for identifying risk. However, it must also be recognised that councillors and staff should be continuously risk aware and as such may identify, assess and add risks to the register at any time.

For any risk identified the following should be considered:

- The scope of business likely to be affected by the risk
- An assessment of the risk's likelihood and impact
- The identification of key controls currently in place to manage the risk
- The assurances about the key controls that have already been established
- Gaps in key controls
- Gaps in assurance
- Appropriate additional management actions which may further mitigate the risk
- Allocation of responsibility for the implementation of those additional mitigating management actions and (where possible) an implementation date

For each opportunity identified the following should be considered established:

- Details of the opportunity identified
- Allocation of responsibility for the opportunity
- Any additional risks that this opportunity raises (including financial)
- Actions necessary to make use of the opportunity and mitigate any additional risks, if appropriate.

The different types of risk

Leadership Risks: risks that are significant in size and duration and will impact on the reputation and performance of the Council as a whole, and in particular on its ability to deliver its strategic priorities. This may include operational risks escalated to the Leadership level due to the scale of their impact.

Operational Risks: risks affecting systems or processes that underpin the organisation's overall governance, operation and ability to deliver services. These may be located within a single service or directorate or span more than one service area.

Leadership risks

Leadership risks are owned by a CEDR Member and managed by a senior manager. Leadership risks are distinct from risks which impact directly on the community, such as flooding, pandemic disease or fuel shortage, although a community risk may also be a Leadership risk, depending on its impact on the Council. Community risks are managed in the Community Risk Register by the Thames Valley Local Resilience Forum, of which the Council is an active member.

Leadership risks will be fully reviewed by CEDR on an annual basis in the fourth quarter as part of the business planning process for the forthcoming year. This provides a clear opportunity to identify new risks and opportunities. The result of this discussion will also be considered by the relevant Council committees.

Risk & Opportunities Management Strategy Page 9

At any point in the year CEDR and Council committees may identify new risks. If this is the case the risk assessment method should be followed, and the Corporate Team would add the new risk to the register.

Operational Risks

Operational risks should be identified and owned by the relevant service, led by the senior manager. The annual service and resource planning process provides an opportunity to fully review all current operational risks, delete risks that are no longer relevant and identify any new risks. However, the identification of risk is not limited to a single point in the year and new risks may be added at any time.

The corporate team is able to support services by running risk workshops as required. A Member of the team can attend DLT meetings to assist in identifying risks and to review the management of operational risks alongside performance updates.

Programme / Project Risks

Risk management should be incorporated into programme and project management from the outset. All programmes/projects should undertake full risk assessments. The size and scope of the project will dictate the best way of managing the risks.

All significant programmes and projects should use a risk log which will be managed by the programme/project manager and reviewed by the relevant board.

For programmes and projects which are or significant value and strategic importance to the Council as a whole, additional requirements are in place so that:

- The high-level risk and its controls will be recorded and managed through the Council's Leadership Risk Register. Detailed risks associated with the programme/project will be recorded in its risk log.

- Risk should be a standing item on each programme/project board meeting to review existing risks and the effectiveness of their controls and to identify any new risks.

- Risk management in programmes and projects will be undertaken by the Programme or Project Manager.

For minor projects (low value or single service based) a risk log should be maintained as part of good project management. However, it is unlikely that the project risks will appear on the Leadership Risk Register unless they have the potential for significant reputational, health and safety or service provision risks, or potential financial impact would be significant. If this is the case then the approach set out above with regards to significant programme / project risks should be followed.

2.3 Assessing Risk

Once a risk has been identified (of any type, Leadership, operational or project) it needs to be assessed. The assessment process considers the likelihood that the risk may occur and its potential impact. This allows for risks to be ranked and prioritised, as not all risks represent equal significance to the Council.

The Council uses a risk scoring matrix score risk by multiplying the assessed 'likelihood' of the risk occurring by the assessed 'impact', should that risk occur. The inherent risk score helps to make decisions about the significance of risks to the organisation, how they will be managed, the controls required and the treatment of the risk. A higher total numerical score indicates a higher level of significance. The matrix is shown below with impact increasing from bottom to top and likelihood increasing from left to right:

Impact		Unlikely (1)	Possible (2)	Likely (3)	Very likely (4)
Most severe (5)		5	10	15	20
Major (4)		4	8	12	16
Moderate (3)		3	6	9	12
Minor (2)		2	4	6	8
Insignificant (1)		1	2	3	4
		Unlikely (1)	Possible (2)	Likely (3)	Very likely (4)
			Likelihood		

- Red: DLT reporting level
- Orange: Director reporting level
- Green: Service reporting level

The owner of the risk undertakes this assessment. For a Leadership risk this is checked by the Corporate Team, for programme/project risks by the relevant board and for operational risks by the senior manager.

The risk register template (available on the intranet) explains in greater detail what makes up the likelihood and impact scores.

The inherent risk score will determine how the risk is controlled and managed. The main options for this are treatment, toleration, transfer and terminate. These are explained in 2.4 below.

Once controls which currently manage the risk have been identified and assessed, a residual risk score will be produced. Additional management actions to further mitigate the risk will then be identified to show how the risk is to be reduced over time. The inherent and residual risk scores, along with the controls and actions, then form the basis of reviews.

Organisational risk profile

Once Leadership risks and mitigating controls/actions have been assessed the results are then plotted on a risk matrix which is included as part of the Leadership Risk Register. Service/project risks may be plotted in a similar way if required.

2.4 Managing and Controlling Risk

Once risks have been identified and assessed, the next step is to control and manage them. This will involve the consideration of cost-effective action aimed at reducing the inherent risk rating. These management actions should be focused on gaps in risk controls or assurance.

The proposed action(s) to control the risk will then be mapped against the specified risk together with an implementation date, and a named person will be designated as responsible for 'owning' the risk. The 'net' risk rating is the assessment of the risk after these controls/actions have been put in place.

These actions/controls should be included in risk documentation and/or service plans. Where a risk is associated with a programme or project it should be entered into the relevant risk log.

Managing risk is an ongoing process and the commentary provided as part of the risk review process should reflect activity taken within the period to control the risk.

The Four Ts

The level of the inherent risk will help determine the best treatment for a risk, whether Leadership or operational. The risk owner has a number of options:

Tolerate: The Council may tolerate a risk where:

- The risk opens up greater benefits
- The risk is effectively mitigated by controls, even if it's high risk
- The risk cannot be mitigated cost effectively

Note that tolerated risks must be monitored, and contingency plans should be put in place, in case the risks occur.

Treat: This is the most widely used approach:

The purpose of treating a risk is to continue with the activity which gives rise to the risk, but to bring the risk to an acceptable level by taking action to control it through either containment actions (which lessen the likelihood or consequences of a risk and are applied before the risk materialises) or contingency actions (these are put into action after the risk has happened, reducing the impact. These must be pre-planned).

Terminate: Doing things differently and therefore removing the risk.

This is particularly important in terms of project risk. It may be limited as an option for an organisation's Leadership risks.

Transfer: Transferring some aspects of the risk to a third party:

For example via insurance, or by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks, or risks to assets. However, it is a limited option – very few Leadership risks are insurable.

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2.5 Reviewing and Reporting on Risk

Leadership risks will be reported to councillors and committees through business management reporting arrangements and be reviewed monthly by CEDR. This review involves consideration of all Leadership risks facing the Council, which could impact on the achievement of strategic priorities or are highly rated and escalated to the register from an operational or project team.

The review should focus on four key factors:

1. whether there are any changes to the inherent/residual risk scores
2. whether new controls or actions are required
3. to what extent there are any gaps in the assurance of identified controls
4. whether the risk is still relevant

Operational risks and programme/project risks will be monitored and reviewed locally, on a monthly basis within Directorate Leadership Teams (DLTs).

All risks will be clearly defined, together with the controls that currently exist to manage them. Risk ratings will be reviewed and, where relevant, commentary will be provided to identify progress against planned action or any emerging issues.

It is important that the internal systems and procedures in place are adequate to manage the identified risk. Where control weaknesses are identified, these should be noted so that action can be taken to remedy such weaknesses. Action to address these weaknesses should be included within the report.

2.6 Linking risk to business plans and performance

Linking Leadership Risk to the Corporate Plan

The Leadership Risk Register is owned and managed by CEDR. Where appropriate risks will be associated with Council priorities and objectives. On occasion a risk may sit outside a Council priority, for example where it affects all priorities or has whole organisation impact (e.g. the risk of systems failure).

Incorporating Operational Risk into Service Delivery Plans

Each service is required to produce a plan on an annual basis. The format of the service plan is common across the organisation and ensures there are clear links between Council priorities and service deliverables.

Each service delivery plan is required to identify operational risks associated with service delivery. Ideally these should also be directly linked to service priorities. Likewise actions to control risks should be included within the service plan or the risk documentation itself. Responsibility for monitoring operational risk lies with senior service managers.

Integrating Risk and Performance Management

Performance and risk will follow the same reporting regime and performance of risks will be clearly highlighted in reports. Where possible risk monitoring information will

Risk & Opportunities Management Strategy Page 13

be captured using the same process as performance information. Risks should be reviewed at the same time as reviewing performance of objectives/projects as they will impact each other.

2.7   Linking risk to programmes and projects

Programmes and projects adhere to the agreed risk management strategy. It is recognised that the risk environment is different within programmes and projects and frequently risks are identified, actioned and closed on a faster basis than within the Leadership or other operational risk environments, where risks are usually linked into longer term strategic objectives rather than projects moving within shorter delivery timescales.

Programme or project risks may be escalated to the Leadership Risk Register if they reach a point where they have a significant financial, reputational or strategic impact.

Risk Management responsibilities in project environments

Corporate Management (CEDR)	Responsible for providing and ensuring adherence to the Risk and Opportunities Management Strategy
Programme Senior Responsible Owner	Accountable for risk management actions agreed at Programme Board level, following escalation from projects
Senior Managers	Accountable for risk management actions agreed at DLT following escalation from projects and operational risks within the Directorate
Project Sponsor	• Accountable for all risk management within the project, and for putting in place a risk management approach or strategy specific to the project • Ensures all risks associated with the project business case are identified, assessed and controlled • Triggers an escalation
Senior user/ customer/client board Member	Responsible for ensuring all risks to users are identified, assessed and controlled
Senior supplier board Member	Responsible for ensuring all risks to delivery are identified, assessed and controlled
Project Manager	• Creates the project-specific risk management approach as directed by the sponsor • Responsible for creating and maintaining the risk register in line with requirements of the Risk and Opportunities Management Strategy, ensuring risk identification, assessment and control measures are implemented.

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Section 3: Roles and Responsibilities

3.1 Accountability

There will be clear accountability for risks and risk management. This is supported through the Council's Annual Governance Statement process, signed by the Chief Executive and the Leader of the Council, and by making the risks and risk management process open to regular Member overview, internal audit and external inspections.

The Audit and Governance Committee has specific responsibility for monitoring the Council's risk management arrangements, for undertaking an annual review of this strategy to ensure it remains current and reflects best practice in risk management, and for making recommendations to the Cabinet if it is considered that any improvements or amendments are required.

Cabinet members will be briefed regularly by CEDR members to ensure they are aware of Leadership risks affecting their service areas/portfolios and any improvements in controls which are proposed.

Sections 3.2 and 3.3 of this strategy outline specific Councillor and officer accountabilities and responsibilities with regards to risk management.

3.2 Council Committees

Audit and Governance Committee

The Committee will monitor the effective development and operation of the Council's risk management activities. The Committee provides independent assurance to the Council on the effectiveness of risk management and internal control arrangements and performance effectiveness to the extent it affects exposure to risk and to inform the Annual Governance Statement.

Cabinet

Cabinet will receive a regular update on Leadership risks, through the monthly Business Management Report.

Reflecting the roles of these committees the relevant Chairs and Portfolio Holders will be briefed on risk matters whenever appropriate.

3.3 Section 151 Officer

The Council's Section 151 Officer is the lead officer for risk management and ensures that the Council has robust risk management strategies in place that effectively support the system of internal control.

3.4 Chief Executive Director Reports (CEDR)

CEDR has a number of roles with regards to risk management. As the senior management team, they will own the risks on the Council's Leadership Risk

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Register. As such, they are responsible for risk review and monitoring on a monthly basis at CEDR meetings, and for ensuring regular reporting to the relevant council committees.

CEDR also has a role in discussing proposed new risks, working to ensure they are properly assessed, recorded and managed.

3.5 Corporate Team

The Corporate Team works on behalf of the whole Council to co-ordinate risk and performance management. The Team is responsible for preparing and updating the Risk and Opportunities Management Strategy and related materials, for compiling and managing the Leadership Risk Register (including preparing regular reports) and for ensuring that operational risk management is being undertaken by services.

The Team leads the production of monthly Business Management and Monitoring Reports to CEDR and Cabinet, which includes information on Leadership risks and other risk matters.

In addition, the team provides risk-related support to managers, officers and councillors (through existing groups or risk management training) and provides information for the Annual Governance Statement.

3.6 Team Managers, Officers and Staff

Service managers and team leaders will often be responsible for operational and project risks. This includes risk identification, assessment and management. At this level risks should be included in service and project plans. For some projects a separate risk log will be required.

In some cases, CEDR members may devolve the day to day responsibility for managing a Leadership risk to a senior service manager. If this is the case the manager will be expected to update the Leadership Risk Register on a monthly basis.

Staff without direct responsibility for owning and managing a risk still have an essential role to play in helping teams identify potential risks associated with service delivery and implementation of projects. As such staff should be involved in risk discussions within teams as they would be with regards to performance management.

3.7 DLTs

Directorate Leadership Teams (DLTs) are responsible for monitoring the management of operational risks and escalating to CEDR when risk mitigation cannot be managed effectively, and the risk could impact on strategic priorities.

3.8 DLT Risk Champion

Directors will designate a Risk Champion as part of their Directorate Leadership Team, responsible for promoting good risk management and ensuring the risk

management system is being applied effectively as part of the monthly business management reporting cycle.

Risk Champions will be programmed to meet as a group throughout the year with the Corporate Team, to discuss issues and opportunities that will enable the continuous improvement and embedding of the risk management system and risk knowledge across the Council.

Section 4: Monitoring and Review

4.1 Annual Review of the Risk Strategy

The Risk and Opportunities Management Strategy will be reviewed on an annual basis. This will take into account any issues highlighted by the internal audit of risk management. In addition, the Leadership Risk Register will be fully reviewed by CEDR during the fourth quarter. As part of the annual service planning process managers will be asked to fully review their operational risks.

4.2 Monitoring of the Strategy and Register

As part of the risk and opportunities management process it is expected that risks (whether Leadership or operational) are reviewed on a monthly basis via CEDR. The Cabinet will also monitor Leadership risk on a monthly basis as part of the business management report.

Reports will be taken to the relevant Council committees providing a summary of the most recent review and highlighting any issues arising with regards to the implementation of or compliance with the Risk and Opportunities Management Strategy. The review will include commentary regarding the current risk score, the controls in place and whether any gaps have been identified in terms of the assurance that the controls are effective.

4.3 Internal Audit

Internal Audit will be in a position to provide assurance on the internal control environment, in line with their planned programme of work. Internal Audit will plan the annual audit coverage based on derived from the risk management process. The Code of Practice for Internal Audit in Local Government in the United Kingdom defines Internal Audit as;

> 'An assurance function that primarily provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance by evaluating its effectiveness in achieving the organisations objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources'.

Internal Audit and Risk Management will co-ordinate assurance by:

- Independently reviewing the risk management strategy and process.
- Completing risk-based reviews of the key controls identified to mitigate the principal risk to the Council's achievement of its strategic objectives.
- Referring to the Council's risk registers when planning audit work.

4.4 External Audit and Review

External Audit

External Audit is a key source of assurance and the Council should take into account the external audit management letter and reports. However, it is worth noting that the work of external audit has to be independent and the Council should not rely on external audit for advice and guidance as that is not their role.

Review Agencies and Inspectorates

Aspects of the organisation's activities may be subject to independent inspection and assessment. These reports are likely to identify areas of strength and issues to address and may also provide some assurance. Reports from the Local Government Ombudsman may also provide a further source of assurance.

Section 5: Corporate Governance

5.1   Annual Governance Statement

Regulation 4 of the Account and Audit Regulations (2003) requires audited bodies to conduct a review, at least once a year, of the effectiveness of their systems of internal control. This review is incorporated within the Annual Governance Statement that is published alongside the statement of accounts.

The purpose of the Annual Governance Statement is to provide a continuous review of the effectiveness of an organisation's internal control and risk management systems, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses in either process. The process of preparing the Annual Governance Statement will add value to the corporate governance and internal control framework of an organisation.

The statement needs to be approved separately to the accounts and signed as a minimum by the Chief Executive and the Leader of the Council. The production of the Annual Governance Statement will be reliant upon the contents of some or all of the following:

- Internal audit annual report
- External audit management letter
- Review Agencies and Inspectorates (where appropriate)
- Other internal review mechanisms
- Leadership Risk Register, including controls and actions
- Operational Risk Registers, including controls and actions
- Statements of Assurance
- Identification of risks highlighted by CEDR
- Audit Committees
- Performance Management Framework
- Health and Safety Adviser

5.2   Statements of Assurance

In order for the Chief Executive and the Leader of the Council to be able to sign off the Annual Governance Statement there is a requirement for each Director to complete a statement of assurance taking responsibility for their individual service/operational risk registers and the implementation of the management actions contained within it. These statements of assurance will be completed on an annual basis to feed into the Annual Governance Statement.

The Chief Executive or, in the absence of the Chief Executive, a Director/Section 151 Officer, needs to sign a statement of assurance for the Leadership Risk Register.

Section 6: Further Guidance and Contacts

6.1 Supporting Documents / Guidance

In addition to this strategy the following documents provide information and guidance with regards to risk management:

1. The Council's intranet page on Risk Management provides a gateway to a number of risk management resources, in particular:
   o The Council's risk register template
   o The Risk Management Toolkit, offering detailed advice on each of the four stages in the Risk Cycle

2. A quick guide to risk management – a summary of the Council's approach to risk

3. A short, accessible E-learning course on Risk Management aimed at all Council staff

4. Assessment template for new risks: a two-page template that takes you through the process of assessing a new risk or fully reviewing an existing risk

5. Additionally, the Corporate Team can attend team meetings, or bespoke sessions, to provide staff with an introduction to risk management, or more detailed advice, as required.

6.2 Contacts

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Telephone: 07392 318 890

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Ian Dyson – Assistant Director of Finance

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Oxfordshire County Council & Pension Fund

Annual Audit Letter for the year ended 31 March 2019

August 2019

EY
Building a better working world

Contents

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).

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 set out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

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

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

01 Executive Summary

📝 Executive Summary

We are required to issue an annual audit letter to Oxfordshire County Council (the Council) following completion of our audit procedures for the year ended 31 March 2019. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's and Pension Fund's: ► Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council and Pension Fund as at 31 March 2019 and of its expenditure and income for the year then ended
► Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
Reports by exception:	
► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council
► Public interest report	We had no matters to report
► Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report
► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We have not yet concluded our work on the WGA.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 17 July 2019
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	We have not yet issued our audit completion certificate. We cannot formally conclude the audit and issue an audit certificate for 2018/19 until we have completed the work on the Whole of Government Accounts. The national deadline for completion of the WGA is 13th September 2019. We will report on our findings from the WGA Review at the next available opportunity.

We would like to take this opportunity to thank the Council and Pension Fund's staff for their assistance during the course of our work.

Janet Dawson

Partner

For and on behalf of Ernst & Young LLP

02 Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council. We have already reported the detailed findings from our audit work in our 2018/19 Audit Results Report to the 17 July 2019 Audit & Governance Committee, representing those charged with governance. We also issued a final Audit Results Report on 31 July 2019. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the Audit Plans that we issued on 20 December 2018 for Oxfordshire County Council and 9 January 2019 for Oxfordshire Pension Fund. It is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

► Expressing an opinion:

  ► On the 2018/19 financial statements, including the pension fund; and

  ► On the consistency of other information published with the financial statements.

► Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.

► Reporting by exception:

  ► If the annual governance statement is misleading or not consistent with our understanding of the Council;

  ► Any significant matters in the public interest;

  ► Any written recommendations to the Council, which should be copied to the Secretary of State; and

  ► If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. [The extent of our review and the nature of our report are specified by the NAO OR The Council is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

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

03 Financial Statement Audit

Financial Statement Audit – Oxfordshire County Council

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council and Pension Fund's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 31 July 2019.

Our detailed findings were reported to the 17 July 2019 Audit & Governance Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
Misstatements due to fraud or error 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. We have not identified a heightened risk of management override overall, but we identified a specific area where management override might occur: the quantification of amounts owed to and from Carillion. Our specific response to this risk is set out in the next slide.	We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation. We did not identify any significant unusual transactions. 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. We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
Risk of fraud in revenue and expenditure recognition The County Council had a 10 year contract with Carillion running from 2012 to 2022. A significant portion of this was terminated with the mutual consent of both parties in December 2017 before Carillion's collapse in January 2018. The County Council have planned their response to this in four stages: Stage 1 – transition of services back to the Council from Carillion Stage 2 - stabilisation Stage 3 – assessment of Carillion legacy issues Stage 4 - implementation of work programme for rectification of defects The Council were at stage 3 when we drew up our audit planning report.	We reviewed the latest position in respect of the Carillion contract and noted no issues that we needed to bring to your attention. We will continue to monitor this position in future years.

Other Key Findings	Conclusion
Valuation of Land & Buildings	We completed our testing of the valuation of land and buildings and did not identify any errors which we needed to report. Our work included assessment of key assumptions applied by the valuer as well as independent consideration of the values being applied.
Pension Liability Valuation	We completed all relevant procedures to assess the pension liability valuation. We assessed the revised net liability following revised assessments based on the McCloud judgement. We also considered other pension adjustments which were made, including, Guaranteed Minimum Pensions Equalisation and the valuation of scheme assets. We received assurances from the auditor of the Pension Fund as to the material valuation of the Pension Fund Investment assets.
New Accounting Standard – IFRS 9 (Financial Instruments)	We assessed the Council's implementation of IFRS 9. As a result of our work in this area there was a material adjustment to the financial statements in respect of Fair Value through Other Comprehensive Income and Expenditure.
New Accounting Standard – IFRS 15 (Revenue Recognition)	We assessed the Council's consideration of IFRS 15. In line with our wider understanding of the sector and the nature of revenue streams it was confirmed that there was no material impact on the Council's accounts as a result of the introduction of IFRS 15.
Brexit	We reviewed the Council's impact assessment and scenario planning. We considered them to be reasonable in the light of continued and prolonged uncertainty as to both the date and terms of the UK leaving the European Union.

Pension Fund Audit Significant Risks – Oxfordshire Pension Fund

Significant Risk	Conclusion
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 The key issues identified as part of our audit were as follows:	We did not identify any evidence of inappropriate accounting for investment values.

Significant Risk	Conclusion
The Fund's Investments include a significant balance of level 3 investments such as unquoted pooled investment vehicles and private equity 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.	We concluded that the key assumptions used by the professional valuer and management were reasonable and consistent with that reported in the financial statements.

Pension Fund Audit (Other Areas of Audit Focus) – Oxfordshire Pension Fund

Other Key Findings	Conclusion
Transfer of Assets to the Brunel Partnership	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.
Valuation of Level 2 Investments	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.
Application of New Accounting Standards	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 We concluded that management's assessment of the impact of the new standards was reasonable.

▣ Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

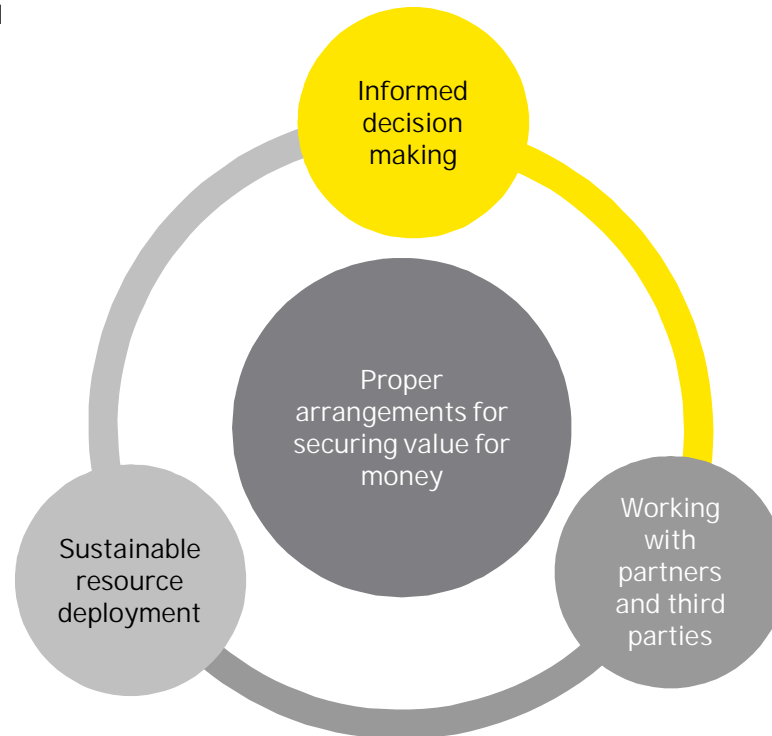| Item	Thresholds applied
Planning materiality -	Oxfordshire County Council: We determined planning materiality to be £18.7 m (2017/18: £19 m), which is 1.8 % of Gross Revenue Expenditure reported in the accounts. We consider Gross Revenue Expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include: ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits. ▶ Related party transactions. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations. Oxfordshire Pension Fund: We determined planning materiality to be £23.6 m (2017/18: £25.1 m), which is 1% of Net Assets reported in the accounts of £2.36 billion. We consider Net Assets to be one of the principal considerations for stakeholders in assessing the financial performance of the Pension Fund.
Reporting threshold	We agreed with the Audit & Governance Committee that we would report to the Committee all audit differences in excess of £0.973 m (2017/18: £0.875 m) for Oxfordshire County Council and differences in excess of £1.26 m (2017/18: £1.23 m) for Oxfordshire Pension Fund

04 Value for Money

£ Value for Money

We are required to consider whether the Council has 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

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

▶ Take informed decisions;

▶ Deploy resources in a sustainable manner; and

▶ Work with partners and other third parties.

Informed
decision
making

Proper
arrangements for
securing value for
money

Sustainable
resource
deployment

Working
with
partners
and third
parties

We did not identify any significant risks in relation to these criteria.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

05 Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

We have not yet concluded our work on the WGA but will do so in advance of the 13 September 2019 deadline. We will report our findings to the next available Audit Committee.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2018/19 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit & Governance Committee on 17 July 2019. 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 regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. 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 identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Audit & Governance Committee.

06 Data Analytics

Data analytics

Analytics Driven Audit

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Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2018/19, our use of these analysers in the authority's audit included testing journal entries to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis
We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis
We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.

06 - Data Analytics

Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2018/19. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.

EY Helix - GLASS: **Journal Entry Data Insights** - Oxfordshire county Council - **31/03/2019**

Facts and Figures

Number of Journals Posted:
726,985

Average Number of Journals Posted per Day:
1,850

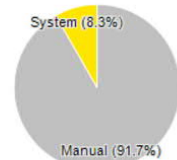Average Number of Lines per Journal:
3

Operational Efficiences
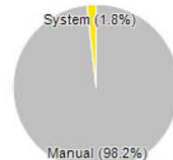
Manual Journals Posted at weekend:
3,552

Manual journals where gross amount is < £5:
7,643

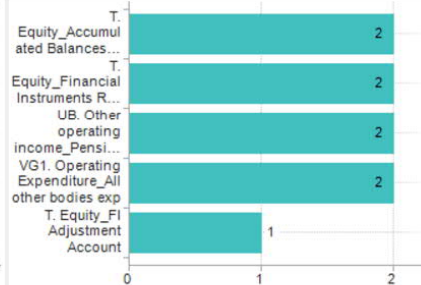Journal lines with zero value:
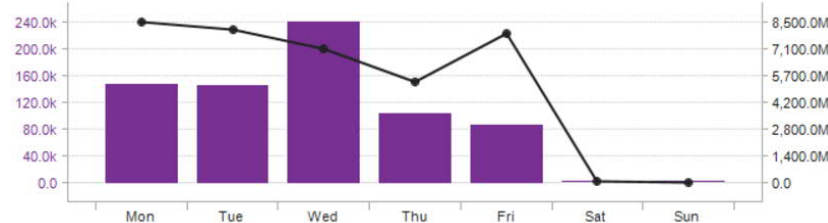**0**

Manual v System by Volume
System (8.3%)
Manual (91.7%)

Manual v System by Value
System (1.8%)
Manual (98.2%)

Top Five Activity Accounts
- N. Trade payables_Short Term Creditors... 438,617
- C. Cash and short_term deposits_Cash... 306,832
- E. Trade receivables_Debtors 271,974
- VD. Administrative and Other Ope... 140,688
- UA. Revenue_Fees and Charges 109,064

Bottom Five Activity Accounts
- T. Equity_Accumulated Balances... 2
- T. Equity_Financial Instruments R... 2
- UB. Other operating income_Pensi... 2
- VG1. Operating Expenditure_All other bodies exp 2
- T. Equity_FI Adjustment Account 1

Days of the Week
Mon Tue Wed Thu Fri Sat Sun

Top Five Preparers
- PIAPPLU SER 256,600
- CTC7AS 39,616
- 3278652 24,453
- 3237139 19,976
- BACKGR OUND 19,175

Bottom Five Preparers
3246638
3256280
3256672
3257469
3257812
3258341
3259367
3259828
3260018
3260693
3260962
3266815
3299570
3328960
3342469
3353421
3402259

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Journal Entry Testing

What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

Journal entry data criteria – 31 March 2019

What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.
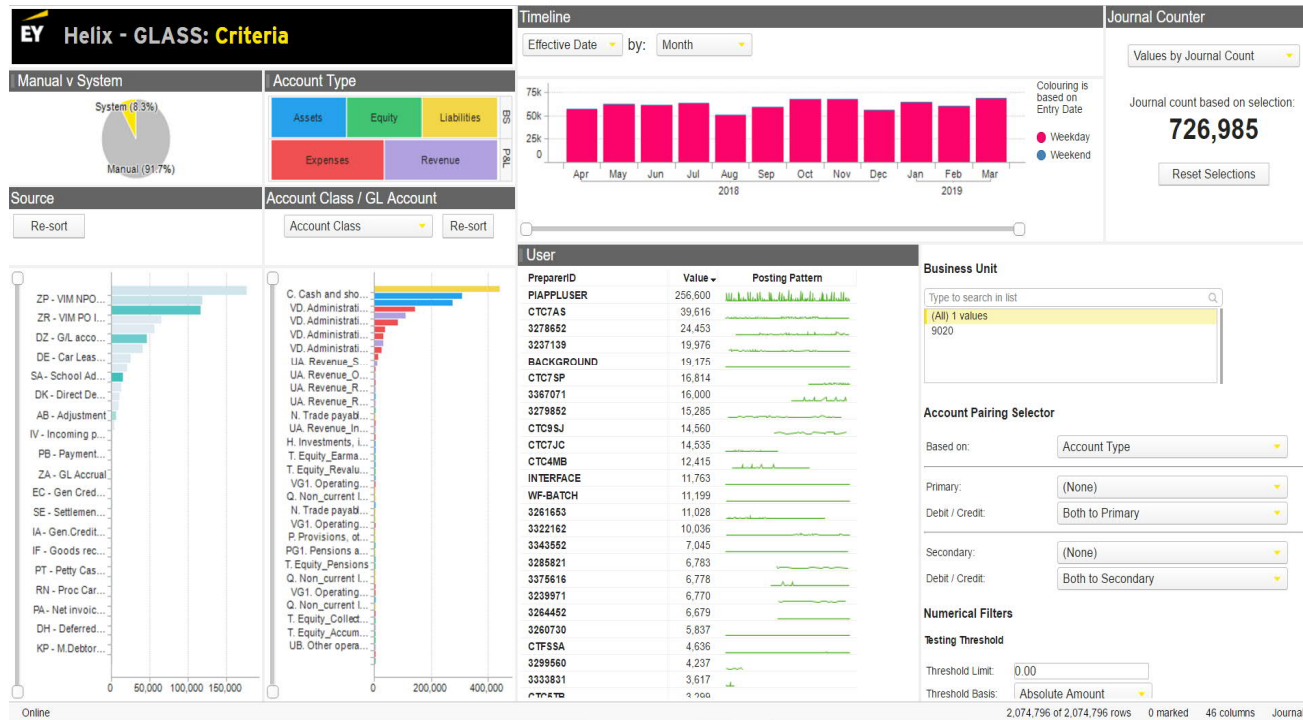
What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.

07 Focused on your future

Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2020/21 financial year. Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet. There are transitional arrangements within the standard and although the 2020/21 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.	Until the 2020/21 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area. However, what is clear is that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.
IASB Conceptual Framework	The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) will be applicable for local authority accounts from the 2019/20 financial year. This introduces; – new definitions of assets, liabilities, income and expenses – updates for the inclusion of the recognition process and criteria and new provisions on derecognition – enhanced guidance on accounting measurement bases - enhanced objectives for financial reporting and the qualitative aspects of financial information. The conceptual frameworks is not in itself an accounting standard and as such it cannot be used to override or disapply the requirements of any applicable accounting standards. However, an understanding of concepts and principles can be helpful to preparers of local authority financial statements when considering the treatment of transactions or events where standards do not provide specific guidance, or where a choice of accounting policies is available.	It is not anticipated that this change to the Code will have a material impact on Local Authority financial statements. However, Authorities will need to undertake a review to determine whether current classifications and accounting remains valid under the revised definitions.

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08 Audit Fees

Audit Fees

Our fees for 2018/19 are in line with the scale fee set by the PSAA and reported in our 2018/19 Audit Plans. We note below where fees have yet to be fully agreed and the reasons for this.

Description	Final Fee 2018/19 £	Planned Fee 2018/19 £	Scale Fee 2018/19 £	Final Fee 2017/18 £
Audit Fee – Code work: Oxfordshire CC	TBC**	84,688	84,688	109,958*
Audit Fee – Code work: Oxfordshire PF	TBC**	18,563	18,563	24,108
IAS 19 Work	5,500	5,500	N/A	5,500
Total Audit Fee	TBC**	108,751	103,251	139,566
Non-audit work – Claims and returns (Teacher's Pensions)	TBC***	12,000	12,000	12,000

All fees exclude VAT

* The final fee for the 2017/18 audit included additional fees of £6,440 as reported in our 2017/18 Annual Audit Letter. This included work to address significant risks identified during the audit.

** The final fee for the 2018/19 audit has not been fully determined. When we have confirmed the final fee we will discuss the fee with senior officers and in line with requirements will need to seek formal approval from PSAA before we can invoice.

*** We have not undertaken the work for the Teacher's Pensions 2018/19 Return. We will confirm the final fee to the Audit & Governance Committee when we have completed the work.

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Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE - 11 September 2019

Local Government Ombudsman – Annual Review Report

Report by Monitoring Officer

RECOMMENDATION

1. The Committee is RECOMMENDED to note and comment on this report and on the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2018/19.

Introduction

2. Each year, the Local Government and Social Care Ombudsman (LGO) issues an Annual Review Report about each council in relation to the complaints made to the Ombudsman in the previous financial year. My report to this Committee therefore informs members about the LGO's Annual Review Report for Oxfordshire County Council for the year 2018/19.

Summary

3. In short, whilst a higher number of complaints about the Council were upheld in 2018/19 than in 2017/18 (9 upheld as compared with 7) this is in the context of a higher number of complaints and therefore represents a significant reduction in the number of upheld complaints investigated by the LGO. Encouragingly, the Council is the fifth lowest of all County Councils for complaints upheld by the Ombudsman and has a 50% uphold rate of complaints decided by the LGO.   This is lower than the 64% rate for similar authorities.

4. Additionally, in 22% of upheld cases, the LGO found on investigation that the Council had already provided a satisfactory remedy before the complaint reached the Ombudsman which compares to only 9% in similar authorities. In 100% of cases, the LGO was satisfied the Council had successfully implemented its recommendations. This compares to an average of 99% in similar authorities.

5. It is noteworthy that a higher number of complaints and enquiries have been made to the LGO (15 more than 2017/18) and would suggest that the Council's system of control expressed through its own complaints processes can be strengthened. The Ombudsman is, though, also of the view that a higher number of complaints does not necessarily indicate that an authority is 'doing something wrong': it can mean that signposting to the LGO is clear and working.

6. There is no reason for complacency however. This report sets out the LGO's findings, the wider context and also details of the complaints upheld by the LGO during 2018/19.

The LGO's 2018/19 report

7. Under the Local Government Act 1974, the LGO has two main statutory functions:

- To investigate complaints against councils (and some other authorities)
- To provide advice and guidance on good administrative practice

8. Following changes to the structure of the Ombudsman's investigative and recording procedures, the Ombudsman now records the following categories of information – which can be found contained within the Annual Review Letter.

- Complaints and enquiries received - by subject area
- Decisions made (upheld, not upheld, advice given, closed after initial enquiries, incomplete/invalid and premature)

Complaints and enquiries received by the LGO

9. During 2018/19, the LGO received **59** *complaints and enquiries* about the Council. In 2017/18 this had been 44; and in 2016/17 66. As the Ombudsman has said, a rise in complaints is not in itself indicative of problems. In the Ombudsman's Annual Review Letter to the Council, the LGO Mr Mike King said:

"As ever, I would stress that the number of complaints, taken alone, is not necessarily a reliable indicator of an authority's performance. The volume of complaints should be considered alongside the uphold rate (how often we found fault when we investigated a complaint), and alongside statistics that indicate your authority's willingness to accept fault and put things right when they go wrong. We also provide a figure for the number of cases where your authority provided a satisfactory remedy before the complaint reached us, and new statistics about your authority's compliance with recommendations we have made; both of which offer a more comprehensive and insightful view of your authority's approach to complaint handling."

10. The Council's complaints policy and processes are indeed well-publicised and our responses advise how complaints can be escalated further including to the Ombudsman. However, there has been a small increase in the number of upheld complaints.

11. Oxfordshire County Council which has attracted referrals to the Ombudsman. These were:

- Adult care services- 21

- Education and children's services- 27
- Highways and transport- 7
- Corporate and other services- 4
- Environment services- 0
- Planning and development- 0

Decisions made by LGO

12. During the reporting period, the LGO made **57 decisions** concerning the Council (17 higher than the previous year). Of these, some complaints were closed and not pursued (17 out of 57, 30%). Some complaints were referred back to the Council for resolution (17 out of 57 cases, 30%) as the complainant had not allowed the Council to consider the complaint first. Some complaints were considered incomplete or invalid (4 out of 57 cases, 7%) and one complainant was offered advice as the complaint had been previously considered and decided (1 out of 57, 2%).

13. *Investigations* were therefore carried out into 18 complaints, 4 more than in 2017/18. The LGO's report indicates that of these, 9 were not upheld, while 9 were upheld. The LGO therefore reports an 'Uphold rate' figure for the Council of 50% (9 upheld cases out of 18 full investigations). This is 8% lower than the previous year.

Context

14. The Council received **380** Corporate Complaints during the 2018/19 financial year (these being complaints about non-social care issues). In addition, the Council received **165** Adult Social Care complaints and **135** Children's Social Care complaints giving a collective total of complaints. The number of complaints upheld by the Ombudsman is in the context of the total number of complaints received by the Council, i.e. a total of **680**. This means that 9 upheld LGO complaints represents 1.3% of the Council's complaints.

15. Thumbnail details of the 9 upheld complaints are as follows. It is noteworthy that, in certain instances, it was not the LGO that itself identified a fault; rather it endorsed action already identified by the Council in the pre-LGO consideration of the complaint: the LGO nevertheless had to find those complaints as 'upheld'. NB all the remedies noted were implemented.

Nature of decision	Remedy
Summary: Fault by the Clinical Commissioning Group and the Council over the provision of a learning disabilities residency.	Apology to the family that the Council did not make sure that you they were aware of the arrangements for the level of care being provided or ensure that they had seen the terms and conditions of that agreement.

Nature of decision	Remedy
	Committed, on expiry of the framework agreement for Learning Disability providers then existing, to look at the documentation that providers give to people and their families, including support plans and any other agreement between the organisation and the individuals receiving that support. Invited the family to give input into developing this documentation.
Summary: The Trust, Council and CCG were at fault for not ensuring X received funding for the care home under s117 aftercare. This caused significant financial loss.	Issued a refund of care home charges.
Summary: The Council did not deal with an allegation against X properly, causing X distress and leaving X unable to work for longer than was necessary. The Council did not fully follow its own guidance for dealing with allegations against people working with children.	Maladministration; no injustice. No remedy necessary.
Summary: The Council charged a person twice for car parking due to a technical fault.	The Council had taken appropriate steps to resolve the issue and case closed as LGO would be unlikely to recommend any further remedy.
Summary: Fault in the way the Council dealt with indirect contact arrangements with a parent's children. It did not send X some minutes of meetings when it said it would. .	Apology given. The Ombudsman did not find evidence of further fault in the way the Council dealt with the arrangements.
Summary: The Council was at fault for cutting a care package on the basis of a flawed assessment.	The Council had partially reassessed the package and increased the personal budget. It had also

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Nature of decision	Remedy
.	arranged for an occupational therapist's assessment; had apologised and had paid £500 in recognition of distress
Summary: The Council failed in its duty to ensure that a child (unable to attend school for medical reasons) received any education.	The Council had agreed a payment to recognise the loss of education and reviewed its procedures.

Conclusion

16. During the year, the Council's Access & Disclosure Team (which leads on LGO cases) met with the Directorate Leadership Teams of Adults and Children's Social care to commend and reinforce best practice and to ensure good complaints handling.

17. This year's Annual Letter from the Ombudsman is generally positive. While not a cause for complacency, (each upheld complaint has been taken seriously and is one too many), the LGO's report indicate that this important strand of governance is working effectively. However, given the number of complaints and enquiries received by the LGO, it suggests that the Council's complaints handling could be even more robust, enabling the vast majority of complaints to be resolved within existing procedures rather than at the LGO stage.

Nick Graham
Monitoring Officer

Contact Officer: Nick Graham
01865 323910

September 2019

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24 July 2019

By email

Yvonnne Rees
Chief Executive
Oxfordshire County Council

Dear Ms Rees

Annual Review letter 2019

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2019. The enclosed tables present the number of complaints and enquiries received about your authority, the decisions we made, and your authority's compliance with recommendations during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

Complaint statistics

As ever, I would stress that the number of complaints, taken alone, is not necessarily a reliable indicator of an authority's performance. The volume of complaints should be considered alongside the uphold rate (how often we found fault when we investigated a complaint), and alongside statistics that indicate your authority's willingness to accept fault and put things right when they go wrong. We also provide a figure for the number of cases where your authority provided a satisfactory remedy before the complaint reached us, and new statistics about your authority's compliance with recommendations we have made; both of which offer a more comprehensive and insightful view of your authority's approach to complaint handling.

The new statistics on compliance are the result of a series of changes we have made to how we make and monitor our recommendations to remedy the fault we find. Our recommendations are specific and often include a time-frame for completion, allowing us to follow up with authorities and seek evidence that recommendations have been implemented. These changes mean we can provide these new statistics about your authority's compliance with our recommendations.

I want to emphasise the statistics in this letter reflect the data we hold and may not necessarily align with the data your authority holds. For example, our numbers include

enquiries from people we signpost back to your authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside our annual review of local government complaints. For the first time, this includes data on authorities' compliance with our recommendations. This collated data further aids the scrutiny of local services and we encourage you to share learning from the report, which highlights key cases we have investigated during the year.

New interactive data map

In recent years we have been taking steps to move away from a simplistic focus on complaint volumes and instead focus on the lessons learned and the wider improvements we can achieve through our recommendations to improve services for the many. Our ambition is outlined in our corporate strategy 2018-21 and commits us to publishing the outcomes of our investigations and the occasions our recommendations result in improvements for local services.

The result of this work is the launch of an interactive map of council performance on our website later this month. Your Council's Performance shows annual performance data for all councils in England, with links to our published decision statements, public interest reports, annual letters and information about service improvements that have been agreed by each council. It also highlights those instances where your authority offered a suitable remedy to resolve a complaint before the matter came to us, and your authority's compliance with the recommendations we have made to remedy complaints.

The intention of this new tool is to place a focus on your authority's compliance with investigations. It is a useful snapshot of the service improvement recommendations your authority has agreed to. It also highlights the wider outcomes of our investigations to the public, advocacy and advice organisations, and others who have a role in holding local councils to account.

I hope you, and colleagues, find the map a useful addition to the data we publish. We are the first UK public sector ombudsman scheme to provide compliance data in such a way and believe the launch of this innovative work will lead to improved scrutiny of councils as well as providing increased recognition to the improvements councils have agreed to make following our interventions.

Complaint handling training

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2018-19 we delivered 71 courses, training more than 900 people, including our first 'open courses' in Effective Complaint Handling for local authorities. Due to their popularity we are running six more open courses for local authorities in 2019-20, in York, Manchester, Coventry and London. To find out more visit www.lgo.org.uk/training.

We were pleased to deliver an adult social care complaint handling course to your staff during the year. I welcome your Council's investment in good complaint handling training and trust the course was useful to you.

Finally, I am conscious of the resource pressures that many authorities are working within, and which are often the context for the problems that we investigate. In response to that situation we have published a significant piece of research this year looking at some of the common issues we are finding as a result of change and budget constraints. Called, Under Pressure, this report provides a contribution to the debate about how local government can navigate the unprecedented changes affecting the sector. I commend this to you, along with our revised guidance on Good Administrative Practice. I hope that together these are a timely reminder of the value of getting the basics right at a time of great change.

Yours sincerely,

Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Local Authority Report: Oxfordshire County Council
For the Period Ending: 31/03/2019

For further information on how to interpret our statistics, please visit our website

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
21	0	4	27	0	7	0	0	0	59

Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate (%)	Total
4	1	17	17	9	9	50	57

Note: The uphold rate shows how often we found evidence of fault. It is expressed as a percentage of the total number of detailed investigations we completed.

Satisfactory remedy provided by authority

Upheld cases where the authority had provided a satisfactory remedy before the complaint reached the Ombudsman	% of upheld cases
2	22

Note: These are the cases in which we decided that, while the authority did get things wrong, it offered a satisfactory way to resolve it before the complaint came to us.

Compliance with Ombudsman recommendations

Complaints where compliance with the recommended remedy was recorded during the year*	Complaints where the authority complied with our recommendations on-time	Complaints where the authority complied with our recommendations late	Complaints where the authority has not complied with our recommendations	
7	7	0	0	**Number**
	100%		-	**Compliance rate******

Notes:
* This is the number of complaints where we have recorded a response (or failure to respond) to our recommendation for a remedy during the reporting year. This includes complaints that may have been decided in the preceding year but where the data for compliance falls within the current reporting year.

** The compliance rate is based on the number of complaints where the authority has provided evidence of their compliance with our recommendations to remedy a fault. This includes instances where an authority has accepted and implemented our recommendation but provided late evidence of that.

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COMPLAINTS AND ENQUIRIES RECEIVED

Reference	Authority	Category	Received
17008818	Oxfordshire County Council	Highways & Transport	04 Apr 2018
18000192	Oxfordshire County Council	Adult Care Services	05 Apr 2018
18000349	Oxfordshire County Council	Education & Childrens Services	09 Apr 2018
18000380	Oxfordshire County Council	Education & Childrens Services	09 Apr 2018
18000585	Oxfordshire County Council	Adult Care Services	12 Apr 2018
17014817	Oxfordshire County Council	Adult Care Services	16 Apr 2018
18000723	Oxfordshire County Council	Adult Care Services	16 Apr 2018
18000803	Oxfordshire County Council	Education & Childrens Services	16 Apr 2018
18001378	Oxfordshire County Council	Education & Childrens Services	26 Apr 2018
18001409	Oxfordshire County Council	Adult Care Services	27 Apr 2018
18001428	Oxfordshire County Council	Highways & Transport	27 Apr 2018
18002220	Oxfordshire County Council	Education & Childrens Services	14 May 2018
18001935	Oxfordshire County Council	Highways & Transport	15 May 2018
18002641	Oxfordshire County Council	Highways & Transport	21 May 2018
18002985	Oxfordshire County Council	Adult Care Services	29 May 2018
18002126	Oxfordshire County Council	Education & Childrens Services	01 Jun 2018
18003297	Oxfordshire County Council	Corporate & Other Services	01 Jun 2018
18003571	Oxfordshire County Council	Adult Care Services	07 Jun 2018
18004628	Oxfordshire County Council	Adult Care Services	26 Jun 2018
18005824	Oxfordshire County Council	Education & Childrens Services	16 Jul 2018
18005912	Oxfordshire County Council	Adult Care Services	17 Jul 2018
18006732	Oxfordshire County Council	Highways & Transport	30 Jul 2018
18007899	Oxfordshire County Council	Education & Childrens Services	20 Aug 2018
18008027	Oxfordshire County Council	Education & Childrens Services	22 Aug 2018
17018339	Oxfordshire County Council	Adult Care Services	23 Aug 2018
17018059	Oxfordshire County Council	Adult Care Services	28 Aug 2018
18009005	Oxfordshire County Council	Education & Childrens Services	10 Sep 2018
18009507	Oxfordshire County Council	Education & Childrens Services	19 Sep 2018
18004235	Oxfordshire County Council	Education & Childrens Services	20 Sep 2018
18009622	Oxfordshire County Council	Adult Care Services	21 Sep 2018
18010712	Oxfordshire County Council	Education & Childrens Services	11 Oct 2018
18011294	Oxfordshire County Council	Education & Childrens Services	22 Oct 2018
18011843	Oxfordshire County Council	Education & Childrens Services	30 Oct 2018
18011984	Oxfordshire County Council	Adult Care Services	02 Nov 2018
18012214	Oxfordshire County Council	Corporate & Other Services	06 Nov 2018
18002621	Oxfordshire County Council	Education & Childrens Services	12 Nov 2018
18012175	Oxfordshire County Council	Education & Childrens Services	14 Nov 2018
18012970	Oxfordshire County Council	Highways & Transport	20 Nov 2018
18013013	Oxfordshire County Council	Highways & Transport	22 Nov 2018
18013101	Oxfordshire County Council	Education & Childrens Services	22 Nov 2018
18013428	Oxfordshire County Council	Education & Childrens Services	29 Nov 2018
18005587	Oxfordshire County Council	Adult Care Services	07 Dec 2018
18014208	Oxfordshire County Council	Education & Childrens Services	13 Dec 2018
18014315	Oxfordshire County Council	Education & Childrens Services	17 Dec 2018
18014480	Oxfordshire County Council	Education & Childrens Services	20 Dec 2018
18015767	Oxfordshire County Council	Education & Childrens Services	17 Jan 2019
18015992	Oxfordshire County Council	Education & Childrens Services	22 Jan 2019

Reference	Authority	Category	Received
18014640	Oxfordshire County Council	Adult Care Services	25 Jan 2019
18009212	Oxfordshire County Council	Adult Care Services	28 Jan 2019
18016587	Oxfordshire County Council	Adult Care Services	31 Jan 2019
18016808	Oxfordshire County Council	Education & Childrens Services	05 Feb 2019
18016301	Oxfordshire County Council	Adult Care Services	06 Feb 2019
18016841	Oxfordshire County Council	Education & Childrens Services	06 Feb 2019
18017039	Oxfordshire County Council	Adult Care Services	07 Feb 2019
18018003	Oxfordshire County Council	Corporate & Other Services	25 Feb 2019
18018596	Oxfordshire County Council	Corporate & Other Services	06 Mar 2019
18019436	Oxfordshire County Council	Adult Care Services	20 Mar 2019
18019858	Oxfordshire County Council	Education & Childrens Services	27 Mar 2019
18020005	Oxfordshire County Council	Adult Care Services	29 Mar 2019

COMPLIANCE

Reference	Category	Decided	Remedy	Remedy Target Date	Remedy Achieved Date	Satisfaction with Compliance
16017505	Adult Care Services	13-Feb-18	Financial Redress: Quantifiable Loss	13-Apr-18	12-Apr-18	Remedy complete and satisfied
17006270	Education & Childrens Services	08-Jan-18	Apology Procedure or policy change/review	19-Apr-18	18-Apr-18	Remedy complete and satisfied
17000504	Education & Childrens Services	12-Jun-18	Apology Financial redress: Avoidable distress/time and trouble New appeal/review or reconsidered decision Procedure or policy change/review	12-Jul-18	31-Jul-18	Remedy complete and satisfied
16005967	Adult Care Services	26-Jun-18	Apology Provide information/advice	27-Jul-18	01-Aug-18	Remedy complete and satisfied
18000349	Education & Childrens Services	12-Sep-18	Financial redress: Loss of service Financial redress: Avoidable distress/time and trouble Procedure or policy change/review	12-Dec-18	12-Dec-18	Remedy complete and satisfied
17018560	Education & Childrens Services	11-Dec-18	Financial redress: Avoidable distress/time and trouble	22-Jan-19	17-Dec-18	Remedy complete and satisfied
17019136	Education & Childrens Services	28-Sep-18	Financial redress: Loss of service Procedure or policy change/review	14-Dec-18	18-Dec-18	Remedy complete and satisfied

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DECIDED

Ref	Category	Decided	Decision	Decision Reason	Remedy	Service improvement recommendations
18000192	Adult Care Services	05 Apr 2018	Premature Decision - advice given	Referred back for local resolution	Null	
18000380	Education & Childrens Services	09 Apr 2018	Insufficient information to proceed and PA advised	Incomplete/Invalid	Null	
18000803	Education & Childrens Services	16 Apr 2018	Premature Decision - advice given	Referred back for local resolution	Null	
17008818	Highways & Transport	17 Apr 2018	Premature Decision - referred to BinJ	Referred back for local resolution	Null	
17020272	Highways & Transport	25 Apr 2018	26(6)(a) tribunal TPT/PATAS	Closed after initial enquiries	Null	
18001428	Highways & Transport	27 Apr 2018	Premature Decision - advice given	Referred back for local resolution	Null	
17020428	Highways & Transport	01 May 2018	Other reason not to investigate	Closed after initial enquiries	Null	
18000585	Adult Care Services	18 May 2018	26B(2) not made in 12 months	Closed after initial enquiries	Null	
18000723	Adult Care Services	31 May 2018	Not warranted by alleged mal/service failure	Closed after initial enquiries	Null	
18003571	Adult Care Services	07 Jun 2018	Insufficient information to proceed and PA advised	Incomplete/Invalid	Null	
17000504	Education & Childrens Services	12 Jun 2018	mal & inj	Upheld	Apology,Financial redress: Avoidable distress/time and trouble,New appeal/review or reconsidered decision,Procedure or policy change/review	
18001378	Education & Childrens Services	19 Jun 2018	No worthwhile outcome achievable by investigation	Closed after initial enquiries	Null	
18002641	Highways & Transport	19 Jun 2018	Injustice remedied during BinJ complaint processes	Upheld	Null	
18003297	Corporate & Other Services	26 Jun 2018	Sch 5.4 personnel	Closed after initial enquiries	Null	

Ref	Category	Decided	Decision	Decision Reason	Remedy	Service improvement recommendations
16005967	Adult Care Services	27 Jun 2018	mal & inj	Upheld	Apology,Provide information/advice	
18001409	Adult Care Services	27 Jun 2018	no mal	Not Upheld	Null	
18005824	Education & Childrens Services	16 Jul 2018	Premature Decision - advice given	Referred back for local resolution	Null	
18005912	Adult Care Services	17 Jul 2018	Insufficient information to proceed and PA advised	Incomplete/Invalid	Null	
18001935	Highways & Transport	23 Jul 2018	At request of complainant	Closed after initial enquiries	Null	
18004628	Adult Care Services	23 Jul 2018	Premature Decision - referred to BinJ	Referred back for local resolution	Null	
18006732	Highways & Transport	30 Jul 2018	Premature Decision - advice given	Referred back for local resolution	Null	
17012781	Adult Care Services	31 Jul 2018	no mal	Not Upheld	Null	
17014817	Adult Care Services	15 Aug 2018	no mal	Not Upheld	Null	
18007899	Education & Childrens Services	20 Aug 2018	Premature Decision - advice given	Referred back for local resolution	Null	
18000349	Education & Childrens Services	12 Sep 2018	mal & inj	Upheld	Financial redress: Loss of service,Financial redress: Avoidable distress/time and trouble,Procedure or policy change/review	Review its corporate complaints policy to explain how it will consider remedy for injustice identified by its investigations
17014355	Education & Childrens Services	19 Sep 2018	no mal	Not Upheld	Null	
18008027	Education & Childrens Services	21 Sep 2018	Sch 5.1 court proceedings	Closed after initial enquiries	Null	
17019136	Education & Childrens Services	28 Sep 2018	mal & inj	Upheld	Financial redress: Loss of service,Procedure or policy change/review	The Council is undertaking a review of its admission process for the Oxfordshire Hospital School Service for pupils unable
17018199	Adult Care Services	16 Oct 2018	no mal	Not Upheld	Null	
17017044	Education & Childrens Services	18 Oct 2018	mal & inj - no further action, BinJ already remedied	Upheld	Null	
18011843	Education & Childrens Services	30 Oct 2018	Premature Decision - advice given	Referred back for local resolution	Null	

Ref	Category	Decided	Decision	Decision Reason	Remedy	Service improvement recommendations
18011984	Adult Care Services	02 Nov 2018	Premature Decision - referred to BinJ	Referred back for local resolution	Null	
18010712	Education & Childrens Services	08 Nov 2018	Insufficient information to proceed and PA advised	Incomplete/Invalid	Null	
18012175	Education & Childrens Services	14 Nov 2018	Premature Decision - advice given	Referred back for local resolution	Null	
17001855	Adult Care Services	16 Nov 2018	mal & inj	Upheld	Apology,Financial redress: Avoidable distress/time and trouble,New appeal/review or reconsidered decision	
18012214	Corporate & Other Services	20 Nov 2018	Sch 5.4 personnel	Closed after initial enquiries	Null	
17018560	Education & Childrens Services	11 Dec 2018	mal & inj	Upheld	Financial redress: Avoidable distress/time and trouble	
18014208	Education & Childrens Services	13 Dec 2018	Premature Decision - advice given	Referred back for local resolution	Null	
18012970	Highways & Transport	19 Dec 2018	26(6)(c) Court remedy	Closed after initial enquiries	Null	
18013013	Highways & Transport	08 Jan 2019	Not warranted by alleged injustice	Closed after initial enquiries	Null	
18013428	Education & Childrens Services	09 Jan 2019	Premature Decision - referred to BinJ	Referred back for local resolution	Null	
18002126	Education & Childrens Services	15 Jan 2019	mal no inj	Upheld	Null	
18015767	Education & Childrens Services	17 Jan 2019	Premature Decision - advice given	Referred back for local resolution	Null	
18015992	Education & Childrens Services	22 Jan 2019	Premature Decision - advice given	Referred back for local resolution	Null	
16017695	Education & Childrens Services	28 Jan 2019	no mal	Not Upheld	Null	
18013101	Education & Childrens Services	28 Jan 2019	Not warranted by alleged mal/service failure	Closed after initial enquiries	Null	
18014480	Education & Childrens Services	29 Jan 2019	Previously considered and decided	Advice given	Null	
18014640	Adult Care Services	29 Jan 2019	Premature Decision - referred to BinJ	Referred back for local resolution	Null	
18014315	Education & Childrens Services	06 Feb 2019	Other Agency better placed	Closed after initial enquiries	Null	

Ref	Category	Decided	Decision	Decision Reason	Remedy	Service improvement recommendations
18002220	Education & Childrens Services	07 Feb 2019	No worthwhile outcome achievable by further investigation	Not Upheld	Null	
18004235	Education & Childrens Services	19 Feb 2019	no mal	Not Upheld	Null	
18018003	Corporate & Other Services	06 Mar 2019	Sch 5.4 personnel	Closed after initial enquiries	Null	
18011294	Education & Childrens Services	19 Mar 2019	no mal	Not Upheld	Null	
18019436	Adult Care Services	20 Mar 2019	Premature Decision - advice given	Referred back for local resolution	Null	
18017039	Adult Care Services	21 Mar 2019	Not warranted by alleged mal/service failure	Closed after initial enquiries	Null	
18016301	Adult Care Services	22 Mar 2019	S26(1) Not an admin function of authority	Closed after initial enquiries	Null	
18016587	Adult Care Services	28 Mar 2019	26B(2) not made in 12 months	Closed after initial enquiries	Null	

Division(s): N/A

AUDIT AND GOVERNANCE COMMITTEE – 11 September 2019

Annual Monitoring Officer Report 2018/19

Report by Director of Law & Governance and Monitoring Officer

RECOMMENDATION

1. The Committee is RECOMMENDED to consider and endorse the report.

The Committee's responsibilities for ethical standards

2. The terms of reference of the Audit & Governance Committee contain the following roles:

- To promote high standards of conduct by councillors and co-opted members

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

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

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

3. This regime, stemming from the Localism Act 2011, demonstrates the Council's expectation that high standards of conduct will continue to be promoted and maintained among elected councillors and co-opted members.

Standards in Oxfordshire – overview of arrangements

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

5. While each authority has adopted slightly different approaches to *handling complaints* about councillor conduct, there is a common theme of proportionality in these arrangements, as envisaged by the Localism Act. The Council has appointed an Independent Person to assist the Monitoring Officer in reviewing complaints about councillors and in 2019/20 is actively recruiting more.

6. In brief, the complaints process adopted by Oxfordshire County Council is as follows:

- Each complaint is considered by the Monitoring Officer who, after consultation with the Independent Person, decide whether it merits formal investigation
- The Monitoring Officer may seek to resolve issues informally without the need for formal investigation
- The Monitoring Officer will determine the procedure to be adopted if a formal investigation is considered appropriate and this may involve the appointment of an Investigating Officer
- The member complained of will normally be provided with a copy of the complaint
- Following an investigation, a report will be prepared for the Monitoring Officer, copied to the member concerned
- Following consultation with the Independent Person the Monitoring Officer may decide that the report is sufficient and that no further action is required
- If there is evidence of failure to comply with the Code, the Monitoring Officer will either seek local resolution or constitute a local hearing through a Member Advisory Panel
- A Members' Advisory Panel may only recommend certain sanctions:
  - Censure or reprimand
  - Publish its findings
  - Report its findings to full Council
  - Recommend removal from relevant body e.g. Cabinet, Committee etc.
  - Recommend training
  - Withdraw facilities
- There is no right of appeal

7. The Members' Advisory Panel will be formed of members of this Committee.

8. In addition to these measures, the Council has implemented Register of Interests arrangements that are fully compliant with the Localism Act and subsequent government guidance and regulations.

Democratic process and post-election induction

9. Clarity and accountability in the decision making of the Council is an important bedrock for good member governance. Key to this is the diversity of representation and experience of county councillors.

10. The full County Council election was held on 4 May 2017. Since that time, during the Autumn of 2018, three by-elections were held following the resignation of three councillors. The by-election polls and the counts were successfully conducted in accordance with electoral law. The by-elections, for Oxford Iffley Fields and St Marys, and for Grove & Wantage and Wheatley divisions, were supported by the Council's Democratic Support Team on behalf of the Returning Officer, and by the Deputy Returning Officers at the Oxford City and South Oxfordshire/Vale of White Horse councils.

11. Following the by-elections, and to support councillors in their democratic roles, a specific induction session was held for the three newly elected members of the Council led by the Monitoring Officer and Democratic Services colleagues, covering essential governance such as the members' code of conduct, the planning code, the Constitution and members' rights to information.

12. At the Annual Meeting in May 2018, a Leader and a Chairman were duly appointed as were council committees and their memberships, in accordance with local government legislation and the Council's Constitution.

Decision making governance

13. Given the Committee's role in overseeing good member governance, it is also appropriate to update this Committee from time to time on the exercise of aspects of this structure including:

   - Closed sessions – instances where the public have been excluded from meetings by virtue of the business being transacted
   - Cabinet Forward Plan – instances in which exceptions have occurred to the inclusion of items in the Forward Plan
   - Scrutiny call-in – instances where exemptions to the call-in procedures have been awarded by virtue of urgency of the business in question
   - Chief Executive decisions – instances where the Chief Executive has used delegated powers to undertake any function of the Cabinet

Closed Sessions

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

Cabinet – Forward Plan

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

Scrutiny Call-In

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16. The Council's Scrutiny Procedure Rules (Rule 17a) allow for executive decisions to be **exempted from call-in** if they are deemed urgent and any delay would prejudice the council's interests. There was **one such instance** in 2018/19, as follows, with the reason for urgency given:

Oxford: Amendments to On-Street Pay and Display Parking Charges and Times of Operation – any delay would seriously prejudice the Council's interests, in that the 2 elements of this proposal i.e. the charges (previously agreed by Cabinet) and hours of operation must come into force simultaneously on 1 April 2019 to avoid possible challenge.

Chief Executive – 'Cabinet Decisions'

17. Under the Council's Constitution, the Chief Executive has delegated powers to undertake any function of the Cabinet after appropriate consultation. Any exercise of this function is reported to the Cabinet. During the year 2018/19 this delegation was exercised on **16 occasions**; all were related to exemptions to the requirements of the Contract Procedure Rules and required (and received) a legal (Director of Law & Governance) and financial (Director of Finance) appraisal.

The Monitoring Officer

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

Modern.Gov, transparency and access

19. Modern.Gov is the software package adopted by the Council (and also used in some district councils across Oxfordshire) for creating, tracking and publishing council meeting agendas, reports and minutes. It also contains a module for elections which was successfully used in the May 2017 county council elections and in the three subsequent by-elections, both for displaying results and subsequently publishing councillors' web pages.

20. It has also been used successfully in-year for managing the Council's Forward Plan and for publicising meetings and agendas, committee appointments, as well as appointments to outside bodies. The system is also able to publish (on the website) parish council contact names and details.

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

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

22. This formed a core part of the councillor induction programme (in terms of code of conduct training). But advice was also issued as regards:

- 'Purdah' guidance on councillor responsibilities with regard to the use of council publicity and resources during the 2018 by-elections
- Disclosable Pecuniary Interests
- Dispensations with regard to the February budget setting meeting

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

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

Declaration of interests

24. There is still a requirement to declare disclosable pecuniary interests at meetings if they are not otherwise included in the Register and to register them thereafter. Declarations need to be made unless a dispensation has been given. It is useful for this Committee to be updated on the instances in which these provisions have been observed.

25. The usual safeguards are in place including a reminder to members of the need to declare interests at all meetings, and all agendas contain a standard item headed "Declarations of Interest". The item refers to detailed guidance attached to the agenda setting out how and when to declare an interest.

Number and Outcome of Applications for Dispensations

26. There have been no applications for dispensation.

The Number and Nature of Complaints of Breaches of the Code

27. There were **two** complaints against members during 2018-19. In both of these complaints, the complainants' dissatisfaction in part stemmed, I believe, from a particular expectation of councillor conduct. Both demonstrated the importance of the space within which councillors work on an individual and community level. In both of these cases, it was not found that the Code of Conduct had been breached.

Complaint/allegation	Outcome

Alleged inaction in relation to a constituent's concerns	No breach found. Factual basis not agreed and 'councillor performance' in a role is not in itself a Code of Conduct matter.
Alleged wilful data breach by a councillor (i.e. notifying fellow community councillors of the fact a person had made a Freedom of Information request)	No breach found. Misunderstanding as to the 'on the record' nature of the original request.

Governance Review

28. Following a decision of both Council and Cabinet, a Governance Review Task Group of this Committee has been formed to review potential future forms of local governance, including a potential return to a committee system. This Group has been briefed on the legal basis for any options and has undertaken a series of fact-finding and exploratory visits to other local authorities which have operated differing decision-making systems. The visits were preceded by a whole council survey seeking councillor views on the current and potential decision-making arrangements.

29. During Autumn 2018 a whole council workshop took place which informed the Task Group's review. The Group's report was then presented to Cabinet in January 2019. Cabinet did not adopt the recommendations of the Group as it felt that it might be better to await the outcome of the Council's wider transformation work. Cabinet asked the Group to work up a number of the proposals but the Group declined to do this, pending further clarity as to the transformation work.

Independent Remuneration Panel

30. In January 2019, the Council's Independent Remuneration Panel met at the request of the Council to consider making recommendations several allowances matters including allowances for the chairman of the newly created Horton Joint Health Overview and Scrutiny Committee; the chairmanship of the Thames Valley Police and Crime Panel; and whether to continue with an index for potential annual increases in line with the local government pay award. Recommendations were duly made and considered by the Council on 2 April 2019 and adopted. In addition, the Panel had recommended an increased size of panel (a maximum of seven); and that the Panel meet annually and that it should start with a review of allowances in the Autumn of 2019. These recommendations were also adopted and further recruitment to the Panel is under way.

Partnership between Oxfordshire County Council and Cherwell District Council

31. During 2018/19, the County Council entered into a formal partnership with Cherwell District Council. This was effected through both councils' adoption of a 'Section 113 Agreement' to make the staff of one available to the other. The Monitoring Officer worked with this Committee to develop and implement the suite of governance policies to underpin joint working, including the terms of reference of the relevant councillor decision making bodies; and the conflict of interests regime that was also needed.

32. The partnership has progressed effectively and also involved the joint working of the democratic services teams of both authorities in the planning and deliver of the District Council's election, in support of the Returning Officer. It has also involved additional partnership work, agreed by the Monitoring Officer, for information management.

33. At its meeting on 23 April 2019, Cabinet reviewed the Partnership, considering and endorsing a report from the Partnership Working Group and committing to the next phase of partnership working.

Summary

34. This annual review highlights the progress that has been made in promoting and maintaining high standards of conduct and public accountability. The commitment to encouraging high standards continues and will form a key part of the future decision-making arrangements, and in the partnership between Cherwell District Council and this Council agreed in 2018 and which is also proceeding effectively.

Nick Graham
Chief Legal Officer and Monitoring Officer
Contact: 01865 323910

Contact officer: Glenn Watson, Principal Governance Officer, 07776 997946.

Closed sessions – exempt reports

Committee/Cabinet member	Date	Provision (see note)
Pension Fund	8 June 2018	3
Remuneration	14 June 2018	1
Remuneration	18 June 2018	1
Remuneration	22 June 2018	1
Education Scrutiny	27 June 2018	3
Local Pension Board	13 July 2018	3
Remuneration	17 July 2018	1
Pension Fund	14 September 2018	3
Cabinet	16 October 2018	3
Local Pension Board	26 October 2018	3
Remuneration	1 November 2018	2 and 4
Cabinet Member for education & Cultural Services	14 November 2018	NA**
Pension Fund	7 December 2018	3
Cabinet Member for education & Cultural Services	16 January 2019	NA**
Local Pension Board	18 January 2019	4
Remuneration	30 January 2019	
Cabinet	26 February 2018	3
Pension Fund	8 March 2018	3
Cabinet Member for education & Cultural Services	13 March 2019	NA**
Remuneration	4 April 2019	1
Local Pension Board	26 April 2019	3
Audit & Governance	8 May 2019	3
Cabinet	14 May 2019	
Appeals & Tribunals Sub-Committee	Various dates (x 12)*	1, 2 and 3
Pension Benefits Sub-Committee	Various dates (x 1)*	1,2 and 3

* These Sub-Committees hear individual personal appeals
** Disclosure of information was forbidden by a government department or a court order (in which case the authority has no choice but to exclude the public).

Provisions

1. Information relating to any individual
2. Information likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)
4. Information relating to any consultations or negotiations or contemplated

consultations or negotiations in connection with any labour relations matters arising between the authority or a Minister of the Crown and employees of or office holders under the authority
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings
7. Any action taken, or to be taken in connection with the prevention, investigation or prosecution of crime

General Exceptions to the Forward Plan May 2018-May 2019

Access to Information Procedure Rules Paragraph 16 Special Urgency

Consultation to Close Northfield School
To seek approval to initiate consultation to close Northfield School on 13 June 2018.

Tank Farm, Chipping Norton – Development Site
To seek approval to negotiate the purchase of Pearman's land, being 13.32 ha (32.91 acres) adjoining Tank Farm.

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

Corporate Plan 2018/2021
To recommend the Corporate Plan 2018-2021 to Council for agreement and adoption.

Home to School Transport Policy
 (a) To consider the referral back of a call in by Performance Scrutiny Committee of a decision by Cabinet taken on 19 June 2018.
 (b) To consider the outcome of a motion to full Council on 10 July 2018

Joint Working Arrangements between Oxfordshire County Council and Cherwell District Council
To agree to the principle of joint working between Oxfordshire County Council and Cherwell District Council and to agree initial steps.

Cogges Manor Farm
To seek approval of future options for Cogges Manor Farm.

Updated Financial and Resource Contribution Towards The Swan Free School Project in Oxford
To agree to vary terms originally agreed in February 2017 to meet the new project delivery programme.

Director of Public Health Annual Report XI
To note the independent report and have due regard for it. To seek approval of the report for recommendation to Full Council, for the Council to meet its statutory duty to publish an annual report.

Corporate Plan 2019-22

To recommend the draft Corporate Plan to Council for agreement.

OVO Ladies Cycling Tour
To seek approval to Oxfordshire being a host venue for the OVO Energy Women's cycle tour in 2019, 2020 and 2021.

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

Transition Fund for Open Access Children's Services – May 2018
To seek a decision on grant funding.

Consultation to Close Northfield School
To seek approval to initiate consultation to close Northfield School on 13 June 2018.

Exemption from Procurement– Sapling Recovery Based Supported Accommodation Services in Oxfordshire
To seek approval for an exemption from procurement for a contract for Sapling Recovery Based Supported Accommodation Services in Oxfordshire.

Business Case to Support Significant Capital Investment in the Council's Assets
To approve the inclusion of significant investment in the Council's assets as part of the proposed Capital Programme to 2029, the funding for which will be included in the proposed Budget for 2019/20 and Medium Term Financial Plan to 2022/23 which will be considered by Cabinet in January 2019.

Exemption from Contract Procedure Rules – VCS Infrastructure
To seek approval for an exemption from contract procedure rules.

Oxford: Queen Street – Taxi Access
To seek approval of the proposals.

Oxford: Barracks Lane – Revised Proposals
To seek approval of the proposals.

Oxford: Pay & Display and Park & Ride Fee Changes
To seek approval of the proposals.

Affinity Water Consultation Relating to Proposed Reservoir in Oxfordshire
To consider for approval Oxfordshire County Council's response to Affinity Water.

Improvements to George Street/Hythe Bridge Street/Worcester Street Junction, Oxford City Centre

To seek approval of the scheme for delivery including the necessary Traffic Regulation Order changes.

Division(s): N/A

AUDIT & GOVERNANCE COMMITTEE – 11 September 2019

INTERNAL AUDIT 2019/20
PROGRESS REPORT

Report by the Director of Finance

RECOMMENDATION

1. The committee is RECOMMENDED to note the progress with the 19/20 Internal Audit Plan and the outcome of the completed audits.

EXECUTIVE SUMMARY

2. This report provides an update on the Internal Audit Service, including resources, completed and planned audits. A separate update is made on counter-fraud activity, which will be reported to the November Audit & Governance Committee.

3. Efforts to recruit to the vacant Senior Auditor post (vacant Auditor post since March 2019, regraded to a Senior Auditor post) are ongoing. In the interim there is some cover with brought in resource and therefore the plan is currently on track for delivery – however this will need to be reviewed again in October / November dependent on what resources can be secured for quarters 3 & 4.

4. The report includes the Executive Summaries from the individual Internal Audit reports finalised since the last report to the May 2019 Committee. Since the last update there have been no further reports issued with the grading of red. Previous reports with the grading of Red continue to be monitored by the Audit Working Group for implementation.

PROGRESS REPORT:

RESOURCES

5. A full update on resources was made to the Audit and Governance Committee in May 2019 as part of the Internal Audit Strategy and Plan for 2019/20. Since then recruitment has commenced for a Senior Auditor. This is to replace the vacant Auditor post (who left in March 2019). Acknowledging the resource requirements of the team and complexity of work now within the Internal Audit plan this post has been regraded from Auditor to Senior Auditor.

6. The proposal to recruit an in-house counter fraud officer has also been approved and recruitment has been initiated. The grading for the post has been approved comparable to a Senior Auditor level and we are being supported by the Hertfordshire Fraud Hub with the recruitment and selection process. Depending on applications received we are looking to interview at the beginning of October. The recruitment of this post (initially 12-month contract) will reduce some of the impact that the operational counter fraud work currently has on the internal audit resource and also enable capacity to identify and develop the strategy and counter fraud model of delivery going forward, as outlined in the Counter Fraud Strategy update made to the July 2019 Audit & Governance Committee.

7. The Auditor and Audit Manager continue to undertake professional study, undertaking the Chartered Internal Audit Qualification. They both have passed their recent exam and have one more exam to complete.

2019/20 INTERNAL AUDIT PLAN - PROGRESS REPORT

8. The 2019/20 Internal Audit Plan, which was agreed at the May Audit & Governance Committee, is attached as Appendix 1 to this report. This shows current progress with each audit.

9. To date, there have been 4 amendments to the plan for 2019/20, 3 additions to the plan and 1 audit that has been merged with another. These are also recorded in Appendix 1. The plan and plan progress is reviewed quarterly with the individual directorate leadership teams.

10. There have been 5 audits concluded since the last update (provided to the May meeting of the Audit and Governance Committee); summaries of findings and current status of management actions are detailed in Appendix 2. The completed audits are as follows:

Directorate	2019/20 Audits	Opinion
Children's	Thriving Families Claim 1	n/a
Resources - ICT	Cyber Security	Amber
Adults	Review of Contract Award Process – specific Adults contract.	n/a
Corporate /Resouces	Induction	Amber
Resources	Duplicate payments	Amber

PERFORMANCE

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

Performance Measure	Target	% Performance Achieved for 19/20 audits (as at 27/8/19)	Comments
Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	75%	Previously reported year-end figures: 2018/19 69% 2017/18 80% 2016/17 60% 2015/16 58%
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 days	86%	Previously reported year-end figures: 2018/19 82% 2017/18 95% 2016/17 94% 2015/16 96%

Elapsed Time between issue of Draft report and issue of Final Report.	15 days	80%	Previously reported year-end figures: 2018/19 85% 2017/18 92% 2016/17 75% 2015/16 48%

The other performance indicators are:

- % of 2019/20 planned audit activity completed by 30 April 2020 - reported at year end.

- % of management actions implemented (as at 13/8/19) - 72%.
  Of the remaining there are 17% of actions that are overdue and 11% of actions not yet due.

  (At May 2019 A&G Committee the figures reported were 80% implemented, 9% overdue and 11% not yet due)

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

COUNTER-FRAUD

12. The 2019/20 Counter-Fraud Plan progress update was presented to the July 2019 Audit & Governance Committee, the next update will be reported to the November 2019 Audit and Governance Committee.

Sarah Cox
Chief Internal Auditor

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

APPENDIX 1 - 2019/20 INTERNAL AUDIT PLAN - PROGRESS REPORT

Audit	Planned Qtr start	Status	Conclusion
Corporate / Cross Cutting			
Contract Procurement – Decision Making	Q3/Q4		
Governance – Directors Assurance	Q3		
Governance – Service / Establishment audit	Q3/Q4		
Induction	Q1	Final Report	Amber
Risk Management	Q4		
Performance Management	Q4		
Transformation Governance	Q3		
Follow up – Health & Safety	Q4		
Follow up – Business Continuity	Q4		
Oxfordshire Local Enterprise Partnership	Q2	Exit Meeting	
Adults / Children			
Transitions from Children to Adult Services	Q4		
Adults: Hospital Social Work Teams	Q1	Fieldwork	
Adults: Payments to Providers	Q2/Q3		
Adults: Client Charging	Q2/Q3		
Adults: Direct Payments	Q3/Q4		
Adults: Contract Management	Q2	Fieldwork	
Adults: IT Audit Application Review – CM2000	Q2	Fieldwork	
Children: Payments via ContrOCC	Q3/Q4		
Children: LCS Social Work Recording	Q3/Q4		
Children: Placements	Q1	Fieldwork	
Children: Family Safeguarding Model	Q3		
Children: Children Missing Education	Q2	Fieldwork	
Children: SEND	Q3		

Children: Troubled Families – Claim 1	Q1	Complete	n/a
Children: Troubled Families – Claim 2	Q2		
Children: Troubled Families – Claim 3	Q3		
Children: Troubled Families – Claim 4	Q4		
Children: School Admissions	Q2	Fieldwork	
Communities			
Oxford City Agency Agreement for Highway Maintenance	Q1	Exit Meeting	
Property & Facilities Management	Q3		
Highways Contract Payments	Q3		
Communities / Resources			
Capital Programme – Formulation and Prioritisation	Q4		
Capital Programme – Procurement	Q2	Fieldwork	
Oxfordshire Housing and Growth Deal – Accountable Body	Q3/Q4		
Resources			
Pensions Administration	Q3		
Pension Fund	Q1/Q2	Draft Report	Amber
Purchasing / Procurement / Accounts Payable – Duplicate Payments	Q1	Final Report	Amber
Payroll	Q4		
IT Audits			
Backup and Recovery	Q4		
IT Incident Management	Q4		
Data Centre Refresh	Q2		
Cyber Security	Q1/Q2	Final Report	Amber
IT Disaster Recovery Planning	Q3		
IT Project Governance	Q2	Draft Report	Amber
NHS Data Security and Protection Toolkit	Q4		
(IT Application Review – see Adults plan)	-	-	-

Amendments to 2019/20 plan:

Addition to agreed plan: Security Bonds	An Internal Audit of Security Bonds was completed in 2017/18 which had an overall conclusion of red. One of the areas where key control weaknesses were identified was in relation to the recording and administration of security bonds. Following the audit, concerns were also raised about the processes for recording, reducing and returning cash bonds, agreed for some S278 and S38 agreements. Work has been undertaken within the service to identify cash bonds currently in place, however there has been no reconciliation of cash expected to cash actually held by the Council on SAP. The audit will focus on a 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.	Fieldwork
Addition to agreed plan: Q1 advice to schools	1) Internal Audit were requested to independently review the methodology used by Finance to confirm the financial positions of three schools following their defederation. – This has been completed and confirmed as appropriate and reasonable. 2) Advice provided to a new Chair of Governors for and IEB of a primary school where weaknesses with governance and internal control arrangements of previous management had been identified. Additional work undertaken by Internal Audit to analyse procurement card expenditure.	Complete Complete
Addition to agreed plan: Adults: Review of Individual Contract Award Process	Internal Audit were requested to undertake a review into a recent Contract Award process. Concerns were raised by management due to the award and transfer process failing at the last minute, resulting in the incumbent provider being requested to continue in the interim. This review fits in to an audit scheduled later in 2019/20 on Contract Procurement – Decision Making. The review findings will therefore feed in to the wider audit where they are relevant to broader issues.	Final Report

Deletion from agreed plan: Children's – Capita One Payments Module	The system will not be used to generate payments, instead a module is being implemented. This will provide more robust financial and performance management information for SEND than the spreadsheets currently used. It was agreed therefore to merge this with the wider audit of SEND planned later in the year, covering the implementation of this new module. The SEND audit will provide assurance over the accuracy and integrity of payments via existing processes and budget management.	Merged with Audit of SEND.

APPENDIX 2 - EXECUTIVE SUMMARIES OF COMPLETED AUDITS

Troubled Families June Claim 2019/20

Opinion: n/a	19 June 2019	
Total: 4	Priority 1 = 0	Priority 2 = 4
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	4	

Since the start of Phase 2 of the government's Troubled Families programme in September 2014, OCC has submitted between 2 and 3 claims per year. During 2019/20 this will change to quarterly submissions with a view to maximising the volume of claims, particularly as this is due to be the final year of the Programme. The Financial Framework states that all claims must be reviewed by Local Government Internal Auditors prior to submission to MHCLG. Both the progress objectives and the initial eligibility for the Programme should be verified.

5 management actions were agreed as part of the audit of the previous claim (March 2019). 3 have been confirmed as implemented, however 1 action, relating to duplicate checks, had not been effectively implemented, with Internal Audit again identifying several instances in which families had been included in previous claims. Another action is partially implemented (New Claim Process), with improvements noted in the claims checking process and the master spread sheet, however some issues were identified with the robustness of this.

The audit checked a sample of at least 10% for both claims (35 families from the SSP claim, 3 of which were ultimately removed from the claim following audit checks, and 1 from the Continuous Employment claim), to ensure that they met the relevant criteria for payment and had not been duplicated in the current or previous claims. Their initial eligibility criteria for inclusion in the Programme were also checked.

Overall Conclusion

The audit noted improvements in the updated internal processes for data checking and validation, however as with previous claims, issues were noted in relation to duplication, eligibility criteria, and family residency. These issues had not been identified prior to the initial submission of the claim to Internal Audit and were reportedly mostly due to data quality issues. Further to satisfactory responses being received against all queries raised by Internal Audit, the claim was signed off.

Cyber Security 2019/20

Overall conclusion on the system of internal control being maintained	Amber

Opinion: Amber	12 July 2019	
Total: 14	Priority 1 = 0	Priority 2 = 14
Current Status:		
Implemented	2	
Due not yet actioned	1	
Partially complete	0	
Not yet Due	12	

<u>Overall Conclusion</u>

Cyber security has been a high priority business risk for a number of years and this shows no signs of abating given the seemingly endless reports on network security breaches, ransomware, and other cyber-attacks. It is not practical to cover all areas of cyber security in a single audit and hence this review has been scoped around different risk areas to the cyber audit completed in 2017, with the exception of the area on vulnerability assessments and security patching, which is key to maintaining a secure ICT environment. Other IT audits completed since 2017 and planned for 2019/20 also provide assurance on cyber security.

Whilst the audit has identified a number of risks, we would like to acknowledge the continued efforts of ICT to improve security controls and defences against cyber-attacks. This includes achieving the government backed Cyber Essentials Plus accreditation and also utilising services from the National Cyber Security Centre, such as Web Check and Protective DNS, to shore up cyber defences.

Wireless networks are available to guest and corporate users and are managed using wireless controllers, which have details of all Access Points and allow central configuration of security. Security configurations are applied, including industry standard encryption, and a recent security penetration test concluded that the corporate wireless network was "well protected against attack." However, we have found that there is no formal policy on wireless networking and that there is weak user authentication on the wireless controllers.

There is a firewall at the network boundary that is externally managed and a number of firewalls at other gateways that are managed by the Technical Services team in ICT. We found that firewalls are not running the last version of software, although there are plans to upgrade to this in the coming weeks. Firewall interfaces and rules are not fully documented. Access to firewalls needs to be improved by restricting it to only those users who are responsible for their management.

Privileged access is restricted, and ICT users have separate accounts for standard and administrator access, in accordance with good practice. However, controls can be further enhanced by having a formal authorisation process for granting privileged access.

All client machines are patched regularly and there is a scheduled job to confirm that updates have been successfully deployed. A patching checklist has been developed for ICT engineers to follow when they patch servers, however, we found that it is not always signed-off to confirm all steps have been completed, including performing re-scans to ensure that servers are up-to-date.

Supply-chain security is a key area and further work is required to ensure current and new suppliers have adequate levels of cyber security in place. This can achieved by revising the procurement process and further developing the Information Management Risk Assessments to include cyber security.

Individual Contract Award Review 2019/20

Opinion: N/A	17 July 2019	
Total: 10	Priority 1 = 9	Priority 2 = 1
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	10	

Internal Audit were requested by management to undertake a review into a recent Contract Award process within Adults, due to the award and transfer process failing at the last minute, resulting in the incumbent provider being requested to continue in the interim. This review covered:

- Establishing the timeline of events from invitation to tender, to contract award and process failure.
- Reviewing roles and responsibilities in the whole process between Commissioning, Procurement, Contract Management, Finance and Legal.
- Governance and decision-making supporting the contract award.
- Efficiency and effectiveness of the whole process, specifically procurement and mobilisation.

This review fits in to an audit scheduled later in 2019/20 on Contract Procurement – Decision Making. The review findings will therefore feed in to the wider audit where they are relevant to broader issues (i.e. not only specific to this contract).

Key Findings

- Improvements are required to pre-tender evaluations, including the assessment / decision-making regarding quality and cost.
- The risk assessments informing contract award insufficiently factored in the 'newcomer' risk (new supplier to Oxfordshire market).
- The governance and oversight of the Gateway Review Panel (GRP) needs strengthening, this case highlighted that GRP's challenge and scrutiny of the award recommendation to verify there has been adequate assessment of risks, quality and cost issues was not effective. Also, in practice GRP do not have continued oversight of the procurement to completion of Gate 4 (as per the Contract Procedure Rules) to ensure post-award issues are identified, escalated and addressed in a timely manner. Gate 4 was not undertaken, and it was reported to Internal Audit that Gate 4 no longer routinely takes place.
- Contract signing needs to happen more quickly and before mobilisation is underway. In this case, the contract was issued late (6 weeks after contract award). The delay to contract signing was also the cause of non-receipt of the

      Parent Company Guarantee, as this was issued and to be returned with the contract.

- The mobilisation process needs improved governance, a clearer process and escalation / red flag points. This has been recognised by Contracts and the team are developing a new and strengthened process and guidance.
- The time delay between commencement of procurement to transition was lengthy (almost a year) and requires improved oversight to ensure timescales are adhered to.

The audit noted the work currently ongoing on the "Provision Cycle" to review the full cycle from Commissioning, Procurement through Contract Monitoring. Some of the issues identified during this review are likely to be captured in this Provision Cycle work.

The audit also noted areas of good practice, including:

- ✓ Clarity of current roles and responsibilities between Commissioning, Contracts and Procurement (acknowledging that these may be subject to review by the current "Provision Cycle" review).
- ✓ Requirement for the Parent Company Guarantee was identified and insisted upon to mitigate the financial risk of a new provider.
- ✓ Excellent documentation of transition meetings & action points.
- ✓ A new process (following the recent internal audit of Supplier Resilience) was implemented to escalate where a contract had not been signed 1-month prior to go-live.

Overall Conclusion

The Council was left exposed to a number of risks as a result, including potential impact on service delivery, increased financial liability and reputational impact. Whilst some of the issues are specific to this service and contract area, which has a particular set of historical issues and challenges, there are a number of wider learning points for the Council to consider. In particular, regarding the cost/quality assessments of bids based on how this assessment is structured in the invitation to tender, the scrutiny and evidence-base for contract award, how 'newcomers' are assessed against established providers and the oversight and challenge function of the GRP.

Induction Audit 2019/20

Overall conclusion on the system of internal control being maintained	Amber

Opinion: Amber	13 August 2019	
Total: 13	Priority 1 = 2	Priority 2 = 11
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	13	

RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Governance, Roles and Responsibility	A	2	3
B: Induction and Probation Process	A	0	4
C: Training*	R	0	4
		2	11

Key risk exposures in relation to Risk Area C will be addressed through the implementation of the Priority 1 management action detailed under Risk Area A.

As noted in the 2018/19 HR Corporate Lead Statement, it has been acknowledged that there are weaknesses in the current induction process, specifically in terms of the consistent use of induction checklists, in the robustness of probation period sign off arrangements and in the central storage of key employee records. The Corporate Lead Statement refers to the implementation of actions covering development of new protocols which will enable mangers to access employee documentation that they have uploaded to the central electronic records system (although the coverage of this in terms of induction documentation is not fully clear), a full review of the induction process including increased publicity of induction resources available to new staff and their managers and the implementation of a more robust sign off process at the end of the probation. Following the audit exit meeting, the Deputy Director for HR has determined that a full review of the induction and probation process will be undertaken, which will result in a paper being presented to CEDR for agreement as to how weaknesses in current processes will be addressed.

Governance, Roles and Responsibilities – Whilst the role of managers and new starters in relation to induction was found to be clearly defined and documented within the Induction & Probation policy and intranet guidance, the responsibilities of HR and OD (Organisational Development) are not clearly documented and so may not be understood by line management or new starters. There is also a lack of corporate ownership and assurance in relation to the completion and monitoring of mandatory e-learning. Other issues noted from the testing undertaken in this area include a lack of clarity or guidance for managers over how new starters without IT access should complete mandatory e-learning.

Induction and Probation Process – Concerns over the consistency of completion of induction checklists were raised in the HR Corporate Lead Statement. Whilst sample testing undertaken as part of this audit found that induction checklists had been completed for the majority of cases reviewed (24/30), there were 2 instances where it was reported that no induction checklist was available / had been completed (in one of these cases the line manager has now left the Council) and in a further 4 cases it was not possible to confirm what induction documentation was available as no response was provided by either the manager or new starter. Anecdotally, it was also reported that induction documentation was often found to be poor by HR when trying to deal with issues during the probation period. There is currently no

requirement to store induction checklists or confirmation of successful completion of probation period letters centrally, it is not currently clear whether this will continue to be the case going forward.

Training – There is no consistent process at a corporate level for the monitoring and reporting on the completion of mandatory e-learning. Whilst content owners for the health and safety e-learning and Children's mandatory safeguarding training have or are in the process of developing processes following review of this area as part of audits completed during 2018/19, completion of the other mandatory e-learning courses are not being monitored. The current IT system used to record completion of mandatory training can only report on who has completed the training, it cannot report on who has versus who should have completed it. Testing undertaken as part of this audit has found that for new starters covering the period May 2018 to April 2019 only 4% had completed all mandatory training and attended a corporate induction session within their first 8 weeks of working for the Council. 15% of new starters had not completed any mandatory e-learning or attended corporate induction. 31% of new starters had completed all 6-mandatory e-learning courses. Completion rates on the individual courses varied from 53-66% with the lowest completion rates being Acceptable Use of Information and the highest the Introduction to Health & Safety e-learning (this is as a result of increased focus on monitoring and reporting on completion of this e-learning following management actions agreed as a result of the 2018/19 Health & Safety audit). Including those booked on to attend the next corporate induction session in August 44% of the new starters included in this testing have or are intending to go on the corporate induction session.

Reference to specific training required for managers is currently limited to intranet information on the health and safety for managers classroom-based training. Whilst there is reference to consideration of finance and safeguarding training requirements in the induction checklist, there is a lack of training and information for managers on how to complete specific manager HR and finance specific tasks. It was reported that a management programme is in the process of being developed by OD. Additionally, the provision of financial training is being reviewed by Corporate Finance and going forward, it is planned that there will be refreshed intranet guidance, mandatory e-learning and one to one training sessions for individual managers to provide intensive support in using IBC and completing key financial tasks.

In addition to the lack of assurance over completion of mandatory training, there is no clear process for the regular review and sign off of what is considered to be mandatory and any changes that need to be made in this respect.

It has been reported that corporate induction is in the process of being reviewed, with consideration being given to changing the current format, making the session shorter and moving some of the content on line in order to make the session more accessible to new starters and increase coverage and attendance.

Duplicate Payments 2019/20

Overall conclusion on the system of internal control being maintained	Amber

Opinion: Amber	14 August 2019	
Total: 1	Priority 1 = 0	Priority 2 = 1
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	1	

The 2019/20 Accounts Payable audit focused on duplicate payments, considering the internal controls in place to prevent, identify, and recover duplicate payments to creditors, and the assurance provided to senior management on this area. The review was performed on a sample basis using matches from the 2018/19 National Fraud Initiative (NFI) data set (potential duplicate creditor accounts, duplicate payment records and employees who received payment as a creditor).

Sample testing of over 150 data matches did not identify any outstanding duplicates; the majority of matches sampled had legitimate reasons for appearing on the report (e.g. quarterly payments with the same reference, or an additional vendor account being set up for invoicing plans). Three instances were identified in which there had been an error in payment, however these had been identified by the relevant service prior to the NFI exercise, with the incorrect payments already recovered in all three cases.

While all payments to creditors are managed by Hampshire County Council Shared Services, OCC Corporate Finance are responsible for the identification and recovery of duplicate payments. However, the process currently in place, in which monthly duplicate reports from Hampshire are reviewed by Corporate Finance, is inadequate and has not been happening regularly due to staff resource and the availability of reports. At the time of audit testing in June 2019, the December 2018 duplicate report was being reviewed, six months after the payments had been made, and no further reports had been received from Hampshire since, due to them moving to a different system.

Due to the inadequate process currently in place to identify and recover duplicate payments, there is little reporting on the volume or value of duplicate payments identified and/or recovered, and no qualitative reporting or analysis of the causes of the duplicates. While the results of Corporate Finance's duplicate checks demonstrate the need to continue this work (as duplicates have previously been identified), the lack of reporting means there is no assurance to management that the recovery of duplicate payments is being managed effectively, and it has not been possible to quantify the amount OCC has overpaid in duplicates, or the amount recovered.

This issue was previously identified in the 2016/17 Accounts Payable audit and again in the 2017/18 Purchasing audit, in which it was identified that the 2016/17 action had not been implemented. In June 2018 the action was closed, reporting management information was being circulated, however responsibility for recovery of duplicate payments has since moved teams, and this information is no longer produced for senior management. It is intended the new system to be implemented with Hampshire will enable improvements in reporting, providing real-time information on payments made and duplicates blocked.

Overall Conclusion

Sample testing of NFI data matches did not identify any previously unidentified and unrecovered duplicates, indicating that controls to identify payments made in error had worked effectively in the sample reviewed. However duplicate payments have been identified from the Corporate Finance retrospective checks, indicating that some payments have passed previously un-noticed. These retrospective checks are not undertaken in a suitably timely manner and management information is not produced on the results. Furthermore, when duplicates are identified, there is no analysis into the cause of the overpayment and remedial action required (e.g. staff training & awareness).

Management are already working on addressing the inadequacy of these current arrangements, with a view to implement a new, preventative system that will have the ability to block duplicate payments before they are made and allow improved, real-time reporting.

AUDIT & GOVERNANCE COMMITTEE
WORK PROGRAMME – 2019/20

NOTE: it is proposed to move the September 2020 meeting to 30 September 2020.

13 November 2019
Ernst & Young (Janet Dawson)
Treasury Management Mid Term Review (Donna Ross)
Counter-fraud Update (Sarah Cox)
Highways Update (Owen Jenkins)
Financial Management Code (Lorna Baxter)
Update on the Carillion Recovery Plan (Owen Jenkins)
Corporate Security Update (George Eleftheriou)

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

18 March 2020
Ernst & Young –Audit Progress Update (Janet Dawson)
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 (Janet Dawson)
OFRS Statement of Assurance 2019-20 (Paul Bremble)
Draft narrative statement and Accounting Policies for inclusion in the Statement of Accounts (Hannah Doney)

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

9 September 2020 * (see above)**
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 (Janet Dawson)

02/09/2019

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)

JOINT AUDIT & GOVERNANCE AND PERFORMANCE SCRUTINY (TRANSFORMATION) SUB-COMMITTEE

MINUTES of the meeting held on Thursday, 25 July 2019 commencing at 10.00 am and finishing at 12.00 pm

Present:

Voting Members:	Councillor Liz Brighouse OBE – in the Chair
	Councillor Paul Buckley
	Councillor Mike Fox-Davies
	Councillor Tony Ilott
	Councillor Liz Leffman
	Councillor Charles Mathew
	Councillor Glynis Phillips
By invitation:	Peter Marsden and Tim Spiers, Entec Si
Officers:	
Whole of meeting	Yvonne Rees, Chief Executive; Claire Taylor, Interim Assistant Chief Executive; Lorna Baxter, Director of Finance; Lauren Rushen, Policy Officer; Colm Ó Caomhánaigh, Committee Officer
Item 8	Will Harper, Interim Head of ICT; Nicholas Brownlow, Digital Services Manager

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

15/19 ELECTION OF CHAIRMAN FOR THE COUNCIL YEAR 2019/20
(Agenda Item. 1)

Councillor Mike Fox-Davies moved and Councillor Glynis Phillips seconded that Councillor Liz Brighouse be elected Chairman of the Sub-Committee for the 2019/20 Council Year.

RESOLVED: that Councillor Liz Brighouse be elected Chairman of the Sub-Committee for the 2019/20 Council Year.

16/19 ELECTION OF DEPUTY CHAIRMAN FOR THE COUNCIL YEAR 2019/20
(Agenda Item. 2)

Councillor Liz Brighouse moved and Councillor Tony Ilott seconded that Councillor Nick Carter be elected Deputy Chairman of the Sub-Committee for the 2019/20 Council Year.

RESOLVED: that Councillor Nick Carter be elected Deputy Chairman of the Sub-Committee for the 2019/20 Council Year.

The Chairman noted that she would prefer if the Chairman and Deputy Chairman could be titled Co-Chairs but the Constitution did not allow for that. The Chief Executive responded that she would take it up with the Law and Governance Section.

17/19 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda Item. 3)

Apologies were received from Councillor Nick Carter.

18/19 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE
(Agenda Item. 4)

There were no declarations of interest.

19/19 MINUTES
(Agenda Item. 5)

The minutes of the meeting on 18 April 2019 were approved and signed.

20/19 ICT DIGITAL STRATEGY
(Agenda Item. 8)

Claire Taylor introduced two representatives from consultants Entec Si, Peter Marsden and Tim Spiers, who have been working with OCC's Head of ICT on the ICT health check and in designing a new strategy. She described how ICT is central to the business case for transformation. With £12m per annum spent on ICT and significant capital expenditure, it is important to have a clear strategy going forward.

Peter Marsden led the presentation. Entec Si has 25 years of experience working with local authorities as well as the NHS, not-for-profit and business sectors. The development of a strategy is still in the early stages. It will tie in with the Council's values and corporate plan.

Technology changes very quickly – for example over 50% of transactions now take place via mobile phones – but it is important to get the foundations right.

Officers and consultants responded to issues raised by Members as follows:

- The ability is there to allow tracking of versions of documents but a roadmap is needed for its introduction and communication.
- The strategy will have an implementation plan to ensure that change is planned.
- The "health check" was needed to determine what equipment and systems are in place now. Then moving forward the strategy will bring order to future developments and avoid different sections going in different directions.
- Non-IT options will continue to be available to residents– primarily by telephone.
- The carbon footprint reductions indicated on Agenda Page 37 are overall reductions and are not the result of transferring carbon emissions to external providers. Providers can achieve much greater economies of scale.
- The level of security on the Cloud is much higher that the Council could achieve itself. The Ministry of Defence is on the Cloud. Tens of thousands of attempts at cyber attacks are made each day (not specifically aimed at the Council) and they are successfully blocked.
- Most security incidents are due to human actions rather than the technology. Everyone needs to remain vigilant. Training for councillors is already planned.
- Officers will check the situation regarding insurance.

Members also made the following suggestions:

- Primary schools could be a resource to help harness the IT skills of young people in helping people who are less confident – something which could also help tackle loneliness.
- The remaining maintained schools also need to be considered in the strategy. OFSTED has been critical of record-keeping for safeguarding issues. Solutions might then be sold on to non-maintained schools – even nursery schools are now spending a lot of money on IT.
- The Council's systems need to be able to talk to others such as the police, hospitals and schools to ensure that everyone has the most up to date information.

The officers and consultants thanked Members for their feedback which will be taken on board in developing the strategy.

21/19 QUARTERLY REVIEW OF THE TRANSFORMATION PROGRAMME (APRIL TO JUNE 2019)
(Agenda Item. 7)

Claire Taylor introduced the report which outlines the situation at six months into a 3 to 5 year programme. The focus in the last quarter has been on finance, strategic capability and the provision cycle.

A proposed dashboard is included as Annex 1 in order to get feedback from Members of the Committee before it is circulated to all Members.

Officers responded to Members questions as follows:

- It was made clear from the start that a reduction in staff numbers was part of the planned savings. Redundancies will be minimised by means of redeployment where possible and all proper HR processes will be followed. It is not possible to even put a ballpark figure on related costs at this stage.
- The first transformation changes in terms of service redesign will be the consultation on the Council's Finance function due to start shortly with a briefing for around 50 staff involved. The unions will be included in the consultation which will be completed by September.
- The Finance changes focus on development of a new customer offer, enabling the council more effectively by a greater focus on income generation and commercialisation as well as a more consistent and higher standard of financial management
- The partnership with Hampshire is not part of this but it will be re-examined when the time is right.
- Under the Finance review partnership initial opportunities with Cherwell District Council have been identified with a joint head of procurement appointed and a shared internal audit function planned from April 2020.
- Reports can show savings against costs but increased efficiencies achieved are not always measurable in pounds.
- The changes in family safeguarding have not been part of the transformation programme. Other changes will continue to be made across the organisation as opportunities arise.
- While the Council avails of consultant advice, our own staff are being upskilled at the same time. Entec Si was specifically selected as IT consultants because of their record on business engagement.

The following suggestions were made by Members for future reports:

- Reports should say more about increasing demand for services, societal change and unbudgeted new requirements such as mental health services for young people up to 25 years of age.
- Where tables and pie charts show percentages, it would be good to show the total figure as well, so the scale can be assessed.

22/19 FUTURE MEETINGS AND WORK PROGRAMME
(Agenda Item. 9)

The revised and new dates for future meetings and items for discussion were agreed as outlined in the Work Programme.

.... in the Chair

Date of signing   ....

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