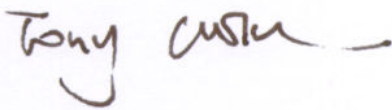


To: Members of the Audit Committee

Notice of a Meeting of the Audit Committee

Wednesday, 20 January 2010 at 11.00 am

County Hall



Tony Cloke
Assistant Head of Legal & Democratic Services

January 2010

Contact Officer: **Geoff Malcolm,**
Tel: (01865) 815904; E-Mail: geoff.malcolm@oxfordshire.gov.uk

Membership

Chairman – Councillor David Wilmshurst
Deputy Chairman - Councillor Ray Jelf

Councillors

Alan Armitage
Roy Darke
Tim Hallchurch MBE

A.M. Lovatt
Charles Mathew
Larry Sanders

Lawrie Stratford

Co-optee

Dr Geoff Jones

Notes:

- ***There will be a pre-meeting development session: 'ICT Security' - details to follow***
- ***The Leader of the Council has a standing invitation to attend and speak on agenda items within his current portfolio***
- ***The Chairman (or Deputy Chairman) of the Strategy & Partnerships Scrutiny Committee has a standing invitation to attend and speak on agenda items***
- ***A working lunch will be available at at 12:30 pm***
- ***Date of next meeting: 3 March 2010***

Declarations of Interest

This note briefly summarises the position on interests which you must declare at the meeting. Please refer to the Members' Code of Conduct in Section DD of the Constitution for a fuller description.

The duty to declare ...

You must always declare any "personal interest" in a matter under consideration, ie where the matter affects (either positively or negatively):

- (i) any of the financial and other interests which you are required to notify for inclusion in the statutory Register of Members' Interests; or
- (ii) your own well-being or financial position or that of any member of your family or any person with whom you have a close association more than it would affect other people in the County.

Whose interests are included ...

"Member of your family" in (ii) above includes spouses and partners and other relatives' spouses and partners, and extends to the employment and investment interests of relatives and friends and their involvement in other bodies of various descriptions. For a full list of what "relative" covers, please see the Code of Conduct.

When and what to declare ...

The best time to make any declaration is under the agenda item "Declarations of Interest". Under the Code you must declare not later than at the start of the item concerned or (if different) as soon as the interest "becomes apparent".

In making a declaration you must state the nature of the interest.

Taking part if you have an interest ...

Having made a declaration you may still take part in the debate and vote on the matter unless your personal interest is also a "prejudicial" interest.

"Prejudicial" interests ...

A prejudicial interest is one which a member of the public knowing the relevant facts would think so significant as to be likely to affect your judgment of the public interest.

What to do if your interest is prejudicial ...

If you have a prejudicial interest in any matter under consideration, you may remain in the room but only for the purpose of making representations, answering questions or giving evidence relating to the matter under consideration, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

Exceptions ...

There are a few circumstances where you may regard yourself as not having a prejudicial interest or may participate even though you may have one. These, together with other rules about participation in the case of a prejudicial interest, are set out in paragraphs 10 – 12 of the Code.

Seeking Advice ...

It is your responsibility to decide whether any of these provisions apply to you in particular circumstances, but you may wish to seek the advice of the Monitoring Officer before the meeting.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

AGENDA

1. **Apologies for Absence and Temporary Appointments**
2. **Declarations of Interest - see guidance note**
3. **Minutes** (Pages 1 - 4)

To approve the minutes of the meeting held on 18 November 2009 (AU3) and to receive for information any matters arising from them.

4. **Petitions and Public Address**
5. **Annual External Audit Report 2008/09** (Pages 5 - 14)

11:10

(As the information in the Report is not new to members, Sue Scane, Assistant Chief Executive & Chief Finance Officer or Maria Grindley, Audit Commission will present the paper on behalf of June Awty, KPMG LLP)

The Report (**AU5**) summarises the 2008/09 external Audit Work carried out by KPMG LLP within their areas of audit responsibility.

The Committee is RECOMMENDED to note the report.

6. **Update on Work on Fairer Charging Income** (Pages 15 - 20)

11:30

Cabinet Member for Adult Services

Councillor Jim Couchman

Contact:

*Sean Collins, Shared Services; Simon Kearey
& Sandra Stapley, Social & Community
Services*

Report by Director for Social & Community Services and Assistant Chief Executive & Chief Finance Officer (**AU6**).

At the October 2009 meeting of the Audit Working Group, Officers set out a detailed action plan for the remaining actions to be completed in order to improve the end to end fairer charging assessment process, with a view to reducing (or eliminating) the amount of foregone income.

The report updates Members on the progress against the action plan, and the impact of

these and previous actions on the levels of foregone income. This report has come straight to the Audit Committee following the cancellation of the Audit Working Group during the difficult weather conditions.

The Committee is RECOMMENDED to note the report.

7. Self Assessment of Treasury Management Practices at Oxfordshire County Council (Pages 21 - 38)

11:50

Contact: Tim Chapple, Financial Manager-Treasury & Pension Fund Investments

Report by Assistant Chief Executive & Chief Finance Officer (**AU7**).

This report sets out the proposed Treasury Management strategy for the financial year 2010/11, the Prudential Indicators, the borrowing strategy and an interest rate forecast. Also included in the report is the Annual Investment Strategy, detailing the range of Specified and Non Specified investments that the Council may enter into, and the minimum credit criteria for the investment types.

A self assesment of current Treasury Management Practices at Oxfordshire County Council has been carried out, the details of which are also included.

The Committee is RECOMMENDED to note the Council's treasury management self assessment as at January 2010.

8. Improving Project and Programme Management Governance (Pages 39 - 40)

12:10

Contact: Imran Alvi, Corporate Performance & Review Manager

Report by Head of Strategy (**AU8**).

An action plan to improve project and programme management governance was presented to the Committee on 22 April 2009. The Committee agreed to include in its Work Programme a brief overview and action plan progress update.

The Committee is RECOMMENDED to note the progress report.

12:30 Working lunch

9. International Financial Reporting Standards - Update (Pages 41 - 44)

12:40

Contact: *Hilary Cameron, IFRS Project Manager*

Report by Assistant Chief Executive & Chief Finance Officer (**AU9**).

The report provides an update on the progress in ensuring the Council's compliance with changes in accounting standards.

The Committee is RECOMMENDED to:

- (a) ***receive the report; and***
- (b) ***note the IFRS project progress to date.***

10. Review of the Process for Reporting on the Effectiveness of the System of Internal Audit (Pages 45 - 48)

1:00

Contact: *Ian Dyson, Assistant Head of Finance (Audit)*

Report by Assistant Chief Executive & Chief Finance Officer (**AU10**).

In accordance with the Accounts and Audit Regulations 2003 (Amended 2006), the Council is required to undertake a review of the effectiveness of the system of Internal Audit. The report details for the consideration and approval of the Committee the assurance framework and suggested process for undertaking and reporting on the review.

The Committee is RECOMMENDED to:

- (a) ***approve the existing process for reviewing the effectiveness of the System of Internal Audit, with the addition of incorporating the conclusions arising from the Audit Commissions triennial review of Internal Audit, or instruct officers on changes required to the process for 2009/10;***
- (b) ***approve the circulation list, content and format of the Annual Survey Questionnaire;***
- (c) ***authorise the Monitoring Officer to undertake the review and report back to the Audit Committee.***

11. Audit Committee Draft Work Programme 2010/11 (Pages 49 - 52)

1:20

Contact: *Geoff Malcolm, Principal Committee Officer*

The Committee's terms of reference in the Constitution require the Committee to agree a programme of work annually in advance. A draft Work Programme for 2010/11 is attached (**AU11**).

The Committee is RECOMMENDED to determine its Work Programme 2010/11.

12. Date of Meeting

1:30

The Chairman has agreed to bring forward the 29 September 2010 meeting to 22 September 2010 in order to allow time for work towards the publication of the Accounts by 30 September 2010.

The Committee is RECOMMENDED to note the change of date.

1:35 Close of meeting

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Friday 15 January 2010 at 2:00pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

Audit Committee

Explanation of Abbreviations and Acronyms

The following is a list of abbreviations and acronyms that have occurred in reports to the Audit Committee, or during discussions at their meetings. It is not intended to be an exhaustive list of those used throughout the Council, however it will be reviewed prior each Audit Committee Meeting and updated should new examples occur.

AC	Audit Committee: Public Committee of Oxfordshire County Council whose purpose is to provide independent assurance on the adequacy of the Councils internal control framework, including risk management, and to oversee the financial reporting process
AES	Annual Efficiency Savings
ASB	Accounting Standards Board: UK body that sets accounting standards. A subsidiary body of the Financial Reporting Council.
AGS	Annual Governance Statement: Previously referred to as the SIC , the Annual Governance Statement is published annually by the Council with its Statement of Accounts
APA	Annual Performance Assessment. Managed by Ofsted, the APA focuses on the contribution that a council's services have made in the previous year towards improving outcomes for children and young people.
AWG	Audit Working Group: An informal Member / Officer working group of the Audit Committee enable the Committee to fulfil its responsibilities effectively and to receive private briefings on any matters of concern.
BCP	Business Continuity Plan: The Council plan for managing the impact of an emergency
BCSG	Business Continuity Strategic Group: Officer based group chaired by the Monitoring Officer, tasked with providing assurance that Government Standards for business continuity management are being met.

BVACOP	Best Value Accounting Code of Practice. This code is produced by CIPFA and is recognised as the 'proper practices' required under the Local Government Act 2003. The Code provides practical guidance on all formal financial disclosures required in relation to Best Value.
BVPI	Best Value Performance Indicator: A national measure of performance, set by central government
BVPP	Best Value Performance Plan: An annual report produced by local authorities detailing current performance levels, actions of the councils, and future performance standards expected
CAA	Comprehensive Area Assessment. This comes into effect in 2008/09 and replaces the CPA as the Audit Commissions process for reviewing the effectiveness of outcomes to local people across public sector bodies
CAAL	Comprehensive Area Assessment Lead. This person works for the Audit Commission and is the primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
CCMT	County Council Management Team: Comprises of the Chief Executive, Assistant Chief Executive and all the Directors of Services
CGAG	Corporate Governance Assurance Group. Previously known as the SWG , An officer group tasked with compiling the AGS , including the development and promotion of the internal control framework, and the collation of evidence to support the Annual Governance Statement.
CGWG	Corporate Governance Working Group. This Group was originally created to assist the Monitoring Officer in raising awareness of the importance of corporate governance. The principal focus of the Group is to review and update Corporate Governance Policies and to monitor implementation of these. It also has responsibility for reviewing the Local

	Code of Corporate Governance and to hold Officers to account.
CIPFA	Chartered Institute of Public Finance & Accounting: CIPFA has responsibility for setting accounting standards and providing professional guidance for local government.
Connexions	The Connexions Service came under the control of the County Council from April 2007; it provides information, advice and guidance for young people aged 13-19.
CPA	Comprehensive Performance Assessment: The method by which the Audit Commission assess, measure and compare the performance of Local Authorities.
CSCI	Commission for Social Care Inspectorate.
CYPF	Directorate for Children, Young People & Families
DCSF	Department for Children, Schools & Families
DSG	Dedicated Schools Grant
DoT	Direction of Travel
E & E	Directorate for Environment & Economy
ETMS	Electronic Time Management System: System used for home support activity.
FMIP	Financial Management Implementation Plan: The Financial Management Implementation Plan (FMIP) is a set of actions designed to improve financial management within Oxfordshire County Council, arising from the report by Robson Rhodes in 2004. An updated plan FMIP2 has been prepared following a follow up review by Robson Rhodes in 2005/06.
FMSiS	Financial Management Standard in Schools
FOI	Freedom of Information

FRS	Financial Reporting Standards. These are set by the Accounting Standards Board (ASB), and the Council is required to comply with these.
FSM6	The financial management system used in schools. (Please note that between April 2008 and July 2009, all schools will be moving to SAP as their financial management system.
FWT	Food With Thought. A traded service run by the Council, providing catering services to schools and council establishments.
ICC	Internal Control Checklist
IFRS	International Financial Reporting Standards. This will be the new standard of accounting practice that all Local Authorities will be required to comply with. The estimated implementation date for Local Authority compliance is currently 2010/11.
ISA260	International Standards on Auditing: The ISA 260 is the standard that requires the external auditors (KPMG LLP) to communicate audit matters of governance interest arising from their audit of the financial statements of the Council. They communicate any such matters through a formal report to the Audit Committee.
ITS	Integrated Transport Service
JAR	Joint Area Review. Managed by Ofsted, the joint area review judges the contribution that the council and its partners in the local area are making to improve outcomes for children and young people
KLoE	Key Lines of Enquiry: Defined and used by the Audit Commission to support the Comprehensive Performance Assessment (CPA) of Local Authorities
KPMG LLP	The Councils External Auditors appointed by the Audit Commission
LA	Local Authority
LAA	Local Area Agreement: Local Area Agreements are made between central and local government in a local area. Their aim is to achieve local solutions that meet local needs, while also contributing to national priorities and

	the achievement of standards set by central government. There is an Oxfordshire LAA. Targets are set and specific funding streams are obtained through the LAA.
LSP	Local Strategic Partnerships: The bringing together of key local organisations from the public, private, voluntary and community sectors to focus efforts on the issues that matter most to local people and communities. In Oxfordshire there is a countywide LSP known as Oxfordshire Community Partnership (OCP).
Monitoring Officer	This is a statutory post under Section 5 of the Local Government and Housing Act 1989, with the overarching responsibility to ensure the lawfulness and fairness of decision making in the Council.
MTFP	Medium Term Financial Plan. Updated annually, the MTFP sets out a five year forecast of resources and service spending priorities.
NFI	National Fraud Initiative. The Audit Commission's computerised data matching exercise designed to detect fraud perpetrated against public bodies.
OCP	Oxfordshire Community Partnership: The Countywide LSP in Oxfordshire.
OFG	Operational Finance Group: This group is responsible for the implementation of policies and procedures and for the control of financial activities such as budget and yearend. It is directed by the Strategic Finance Managers Group (SFG), to which it reports its activities through its Chair, the Chief Accountant.
Ofsted	Office for Standards in Education
OSJ	Orders of St. John Care Trust
OWP	Oxfordshire Waste Partnership
PAYE	Pay As You Earn
PCT	Primary Care Trust

Project Link	This is the project in Social and Community Services to develop an integrated management system for Adult Social Care that can interface directly with the main accounting system (SAP)
PSA	Public Service Agreement
PWLB	Public Works Loan Board. This is a statutory body operating within the UK Debt Management Office, an Executive Agency of HM Treasury. Its function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
QuEST	Quality Educational Services and Training: Available in schools from the Educational Effectiveness Service.
S151 Officer	A statutory post, under Section 151 of the Local Government Act 1972 held by the Head of Finance and Procurement. The S151 Officer is responsible for the proper administration of the financial affairs of the Council
SAP	SAP is the Councils key management information system, including the main accounting system.
SAP revitalisation	This is the Programme for the development of SAP required to deliver consistent, reliable and robust business management information.
Schools Forum	This is a group made up of representatives from schools and other stakeholder bodies, and includes schools Governors and Head Teachers. The remit of the group is to consider schools funding formula; contracts; financial issues; and the provision of accounts to schools.
SDLT	Stamp Duty / Land Tax
SFG	Strategic Finance Group: Officer group comprising Head and Assistant Heads of Finance and Strategic Finance Managers, with responsibility for providing advice and assurance on system of internal financial control and to specify the accounting framework and standards and the financial management requirements.

Shared Services	This is the Programme designed to bring under one umbrella HR and Finance support functions in order to provide a more efficient and effective services.
SIC	Statement on Internal Control: In accordance with the Accounts and Audit regulations 2003, the Council is required to provide an annual statement on the adequacy and effectiveness of its system of internal control.
SOLACE	Society of Local Authority Chief Executives and Senior Managers is the representative body for senior strategic managers working in the public sector. SOLACE spans all of the UK, having membership in Northern Ireland, Wales, Scotland and England.
SORP	Statement of Recommended Practice. These are guidance on accounting standards as defined by the Accounting Standards Board (ASB)
SWG	Statement on Internal Control Working Group: An officer group tasked with compiling the SIC, including the development and promotion of the internal control framework, and the collation of evidence to support the annual SIC Statement.
SWIFT	Management information system used by Social & Community Services.
Use of Resources	This is part of the Audit Commissions CPA assessment that focuses on financial management and the links to the strategic management of the council. It looks at how financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money.
WGA	Whole Government Accounts

Ian Dyson
Assistant Head of Finance (Audit)
Updated 24 June 2008