



To: Members of the Audit & Governance Committee

Notice of a Meeting of the Audit & Governance Committee

**Wednesday, 15 September 2021 at 2.00 pm
County Hall, Oxford, OX1 1ND**

Please note that Council meetings are currently taking place in-person (not virtually) with social distancing at the venue. Meetings will continue to be live-streamed and those who wish to view them are strongly encouraged to do so online to minimise the risk of COVID-19 infection.

If you wish to view proceedings, please click on this [Live Stream Link](#). However, that will not allow you to participate in the meeting.

Places at the meetings are very limited due to the requirements of social distancing. If you still wish to attend this meeting, you must contact the Committee Officer by 9am four working days before the meeting and they will advise you if you can be accommodated at this meeting and of the detailed COVID-19 safety requirements for all attendees.

Please note that in line with current government guidance *all* attendees are strongly encouraged to take a lateral flow test in advance of the meeting.

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

Yvonne Rees
Chief Executive

September 2021

Committee Officers: Lucy Tyrrell, Tel 07741 607834; E-mail:
lucy.tyrrell@oxfordshire.gov.uk

Membership

Chairman – Councillor Roz Smith
Deputy Chairman – Councillor Brad Baines

Councillors

Donna Ford
Nick Leverton

Dan Levy
Ian Middleton
Jane Murphy

Michael O'Connor
Judy Roberts

Co-optee

Dr Geoff Jones

Notes:

- *Private briefings with the Internal and External Auditors will take place at County Hall at 12.00 p.m. on the day of the Committee meeting.*
- *There will be a pre-meeting held virtually on Monday 13 September 2021 at 9.00 a.m. for the Chair, Deputy Chair and Opposition Spokesman.*
- *Date of next meeting: 17 November 2021*

Declarations of Interest

The duty to declare.....

Under the Localism Act 2011 it is a criminal offence to

- (a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
- (b) provide false or misleading information on registration, or
- (c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?

The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, **or**

- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?.

The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *"You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself"* or *"You must not place yourself in situations where your honesty and integrity may be questioned....."*

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:

Employment (includes *"any employment, office, trade, profession or vocation carried on for profit or gain"*.), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members' conduct guidelines. <http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/> or contact Glenn Watson on **07776 997946** or glenn.watson@oxfordshire.gov.uk for a hard copy of the document.

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

AGENDA

1. **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 21 July 2021 and to receive information arising from them.

4. **Petitions and Public Address**

Currently council meetings are taking place in-person (not virtually) with social distancing operating in the venues. However, members of the public who wish to speak at this meeting can attend the meeting 'virtually' through an online connection. Places at the meeting are very limited due to the requirements of social distancing. While you can ask to attend the meeting in person, you are strongly encouraged to attend 'virtually' to minimise the risk of Covid-19 infection.

Please also note that in line with current government guidance all attendees are strongly encouraged to take a lateral flow test in advance of the meeting.

Normally requests to speak at this public meeting are required by 9 am on the day preceding the published date of the meeting. However, during the current situation and to facilitate these new arrangements we are asking that requests to speak are submitted by no later than 9am four working days before the meeting i.e. 9 am on Wednesday 8 September 2021. Requests to speak should be sent to lucy.tyrrell@oxfordshire.gov.uk. You will be contacted by the officer regarding arrangements for speaking.

If you ask to attend in person, the officer will also advise you regarding Covid-19 safety at the meeting. If you are speaking 'virtually', you may submit a written statement of your presentation to ensure that if the technology fails, then your views can still be taken into account. A written copy of your statement can be provided no later than 9 am 2 working days before the meeting. Written submissions should be no longer than 1 A4 sheet.

5. **Statement of Accounts Update (report to follow)**

2.10 p.m.

Report by the Director of Finance to follow.

6. Ernst & Young - Audit Results Report (Pages 9 - 102)

2.20 p.m.

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

- Oxfordshire County Council Draft Audit Results Report Year Ended 31 March 2021
- Oxfordshire Pension Fund - Audit Results Report Year Ended 31 March 2021

7. Internal Audit Progress Report 2021/22 (Pages 103 - 118)

2.40 p.m.

Report by the Director of Finance.

This report presents the Internal Audit progress report for 2021/22.

The committee is RECOMMENDED to note the progress with the 2021/22 Internal Audit Plan and the outcome of the completed audits.

8. Surveillance Commissioner's Inspection and Regulation of Investigatory Powers Act (Pages 119 - 134)

3.00 p.m.

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

The Regulation of Investigatory Powers Act 2000 ('the Act') regulates the use of covert investigatory 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 wishes to obtain information by the use of informants or officers acting in an undercover capacity.

Codes of Practice issued under the Act provide guidance to authorities on the use of the Act. The Code of Practice relating to covert surveillance specifies that elected members should review the authority's use of the Act and the supporting policy at least once a year. They should also consider internal reports on the use of the Act periodically.

The Investigatory Powers Commissioner's Office oversees the use of investigatory powers by public bodies and as part of this oversight regime they will periodically inspect local authorities' policies, procedures and records relating to relevant activities.

This paper provides an overview of the use of activities falling within the scope of the Regulation of Investigatory Powers Act 2000 by Oxfordshire County Council in the period from April 2020 to March 2021. It also provides a summary of the partial inspection of the authority undertaken by the Investigatory Powers Commissioner's

Office in 2020. The report also provides the committee with an opportunity to review and comment on the policy, which is provided as an annex to the report.

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 when revising the Policy.***

9. Local Government Ombudsman's Review of Oxfordshire County Council (Pages 135 - 152)

3.20 p.m.

Report by the Monitoring Officer

Each year, the Local Government and Social Care Ombudsman (LGSCO) issues an Annual Review Report about each council. This relates to the complaints made to the LGSCO about the Council in the previous financial year. So this report updates the Committee on this area of governance for the year 2020/21, reflecting on those complaints that were considered by the Ombudsman up to 31 March 2021.

The Committee is RECOMMENDED to comment on the Local Government and Social Care Ombudsman's Annual Review of Oxfordshire County Council for 2020/21, and the work undertaken by the Council since with regard to its handling of complaints.

10. Monitoring Officer Annual Report (Pages 153 - 162)

3.30 p.m.

Report by the Monitoring Officer.

This report gives an overview from the Monitoring Officer of democratic and ethical governance activity, during the year 2020/21, in relation to the functions of the Committee. The report reflects on the implications of the pandemic for democratic decision making, the occurrence of code of conduct complaints and other member-related matters.

The Committee is RECOMMENDED to consider and endorse the report.

11. Constitutional Review Work Programme (Pages 163 - 174)

3.40 p.m.

Report by the Monitoring Officer.

The Council has a duty to keep its constitution under review. This includes all relevant codes and protocols, and the procedure rules for committees. As well as corrections, updates, amendments, and developments to the constitution.

The constitution forms a key part of the Council's governance framework, setting rules, principles, and procedures to enable the Council to take decisions and do its work effectively.

This report proposes that the Monitoring Officer undertakes a review of the constitution to ensure that it is fit for purpose, supported by a Councillor Constitution Working Group.

The Audit & Governance Committee is RECOMMENDED to

- a) Consider the results of the Member engagement exercise on the Constitution set out in Appendix 1***
- b) To endorse the process for the 2021 review of the Constitution***
- c) To comment on the proposed Project Plan for the review***
- d) To agree to the establishment of an informal cross-party Constitution Review Working Group comprising 3 Liberal Democrat-Green Alliance members, 3 Labour members, 2 Conservative members and 1 Independent Member***

12. Audit Working Group (report to follow)

4.00 p.m.

Report by the Director for Finance to follow.

This report presents the matters considered by the Audit Working Group meeting of 8 September 2021.

The Committee is RECOMMENDED to note the report.

13. Audit & Governance Committee Work Programme 2021/22 (Pages 175 - 176)

4.10 p.m.

To review the Committee's work programme.

Close of meeting

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AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 21 July 2021 commencing at 2.00 pm and finishing at 4.00 pm

Present:

Voting Members: Councillor Roz Smith – in the Chair

Councillor Brad Baines (Deputy Chair)
Councillor Donna Ford
Councillor Nick Leverton
Councillor Dan Levy
Councillor Ian Middleton
Councillor Michael O'Connor
Councillor Sally Povolotsky (as substitute for Cllr Judy Roberts)

Other Members in Attendance: Dr Geoff Jones

By Invitation: Adrian Balmer, Ernst & Young

Officers:

Whole of meeting Sarah Cox, Chief Internal Auditor; Anita Bradley, Director of Law and Governance; Lorna Baxter, Director of Finance; Tessa Clayton, Audit Manager; Lucy Tyrrell, Committee Officer

Part of meeting

Agenda Item	Officer Attending
Item 1-6	Hannah Doney, Head of Corporate Finance

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][the following additional documents:] and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports [agenda, reports and schedule/additional documents], copies of which are attached to the signed Minutes.

44/21 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Apologies were received from Councillor Judy Roberts and Councillor Sally Povolotsky attended as substitute. Apologies were also received from Councillor Jane Murphy with no substitute.

45/21 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 2)

None.

46/21 MINUTES

(Agenda No. 3)

The minutes of 2 June 2021 were agreed by the Committee as an accurate record and Councillor Baines exercised his right to require his individual vote to be recorded against item 33/21 as he was of the view that the minute relating to the Annual Governance Statement was not sufficiently detailed and did not include all of Members' comments or suggested additions relating to democratic matters, public participation and transparency; and mitigation of risks relating to the receipt of COVID-19 grant funding. It was further noted that the Committee Members had not had circulated to them the final version of the Annual Governance Statement as amended under the delegation given to the Director of Law and Governance.

Anita Bradley, Director of Law and Governance advised that the minute is not a verbatim account of the meeting as this is not the style of the Council, and what the Committee had before it was an accurate reflection of the tenor and outcome of the Committee discussion on 2 June 2021.

47/21 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

None.

48/21 STATEMENT OF ACCOUNTS 2020/21

(Agenda No. 5)

Hannah Doney, Head of Corporate Finance introduced the report which set out the latest position on the preparation and audit of the 2020/21 Statement of Accounts including:

- Authorisation of the Draft Accounts and Period of Public Inspection
- Progress on the external audit
- Agreed amendments to the draft Statement of Accounts
- Conclusion of the audit.

Hannah Doney further highlighted that the following:

- The draft Statement of Accounts were authorised for issue on 24 June 2021 and published alongside the Annual Governance Statement on the annual accounts and audit page of the County Council's website. The period of public inspection commenced on 25 June 2021 and will conclude on 6 August 2021 after 30 working days.
- The external audit commenced on 7 June 2021, however due to a delay in receiving the data collection tool kit released by central government, work on the Whole Government Accounts has not yet started.

- If unadjusted differences arise these are reported via the Letter of Representations, which will include the management's rationale for not correcting the misstatement which must be approved by this Committee or by approved delegation.
- A recommendation has been raised in respect of journal authorisation via the Council's self-service finance model, which has been in place since 2015. Our understanding is that this has also been raised at Hampshire County Council, they chose to tolerate that risk, however we will look at how we can address this through training with managers.

Hannah Doney and Lorna Baxter, Director of Finance proceeding to respond to Members' queries as follows:

- The responsibility for constructing new schools and expansion of existing schools lies with the Council, however the statutory power to open a new school lies with the academy trust. Therefore, we do carry this risk, and Section 106 funding and government funding from developers is rarely enough to cover all of these costs, however this has not been an issue in Oxfordshire to date. Further analysis of the capital programme would supply this information and can be provided if requested.
- We are consistent in our accounting treatment of spend on academy schools. Where a school is under licence and already operating under the academy trust, expenditure is written out as REFCUS (Revenue Expenditure Funded by Capital Under Statute) in the year the expenditure occurs as the school is not the Council's asset.
- The difference shown between the 2019/20 and 2020/21 remeasurement of the net defined benefit liability (asset) is contributed to the adjustments made by the actuaries, of which was questioned and challenged, and found to be due to the longevity, inflation and future pay awards, rather than just the McCloud assumptions.
- The increase in receipts in advance (note 39) is due to holding more developers' contributions, which are held for future expenditure on capital schemes. It also includes some security bonds that we hold until obligations are met by the developers.
- The increase in payments in advance (note 36) is due to one payment to Highways England for a capital scheme that will be delivered in future years.

Councillor Baines further questioned the referencing of the minutes of this Committee being passed to the external auditors and questioned what qualification they would be taking in relation to this? Adrian Balmer, Ernst & Young responded that they generally review minutes of Committee meetings as part of their understanding of the business and sign off as an overall risk assessment of the Council and how audit strategy is developed and impacted.

Anita Bradley, Director of Law and Governance in response to Councillor Baines' query advised that the amendments requested from this Committee at the last meeting regarding the Annual Governance Statement, had been included within the final statement included within these accounts.

RESOLVED to:

- (a) Consider and approve the Statement of Accounts 2020/21 at Annex 1;**

- (b) **Consider and approve the Letter of Representations 2020/21 for the Oxfordshire County Council accounts at Annex 2;**
- (c) **Consider and approve the Letter of Representations 2020/21 for the Oxfordshire Pension Fund accounts at Annex 3;**
- (d) **Agree that the Director of Finance, in consultation with the Chair of the Committee (or Deputy Chair in their absence), can make any further changes to the Statement of Accounts 2020/21 and letters of representation that may arise during completion of the audit.**

49/21 EXTERNAL AUDITORS - FINAL ACCOUNTS

(Agenda No. 6)

Adrian Balmer from Ernst & Young presented the following report; Oxfordshire County Council Draft Audit results report Year ended 31 March 2021 and highlighted the following:

- The continued impact of the COVID-19 pandemic increases the risk to materiality, however rigorous risk assessed consultation processes are in place to ensure the right assurances to the Council are provided.
- The announced change to the publication date for final, audited accounts has moved from 31 July to 30 September 2021 due to new regulations as a result of COVID-19 and good progress is being made towards that date.
- Noted the additional audit procedures due to COVID-19.
- Further to the previously reported changes in the Audit Plan, the Council is assessed against three sub-criteria; financial sustainability, governance and improving economy, efficiency and effectiveness and the status of the VFM report is well advanced and will report back to the September Committee.
- This change will be reported differently this year, the commentary against 14/15 questions will be factual with no assumptions.
- Potential for further differences can arise as the audit is still ongoing and will be reflected in the updated audited accounts.

Adrian Balmer and Hannah Doney responded to Members' queries as follows:

- Would expect the going concern disclosure note be updated on the going concern to reflect additional information that would be useful for readers of the financial statement, however noted that there are no specific concerns.
- Audit fees are set by the PSAA, and advised new Members that it would be worthwhile for them to review the previous Committee papers detailing the Redmond Review for more information.
- The MHCLG have announced an additional £15m to support the audit process to reflect the additional costs incurred by Councils.
- The auditors had expressed concern regarding how the unaudited accounting reserves were accounted for, and the issue is not around the high needs deficit of which Lorna Baxter advised Members of a Cabinet report which informed of a consultation to address this position. Lorna Baxter also informed Members that information on funding for next year has been received from the government which is more than expected.
- Market volatility refers to 2019/20 accounts and the impact of COVID-19, and assets valued under existing use value, and is a reflection of whether this has carried onto the 2020/21 accounts.

The Committee wished to thank Hannah Doney for all her work at her last meeting for the Committee.

50/21 INTERNAL AUDIT CHARTER

(Agenda No. 7)

Sarah Cox, Chief Internal Auditor introduced the report which presents the Internal Audit Charter and Internal Audit Quality Assurance Programme for 2021/22 which are subject to annual review.

The Charter sets out the purpose, authority and responsibility of Oxfordshire County Council's Internal Audit function, in accordance with the PSIAS and is subject to approval by this Committee on an annual basis. Sarah Cox highlighted that there have been no material changes since the Charter was last approved by the Committee in July 2020, and only minor changes under the 'fraud' section to reflect the dedicated counter-fraud team that has now been established within Internal Audit.

Sarah Cox, in response to a query by Councillor Baines stated that the key performance indicators designed to improve Internal Audit's effectiveness and efficiency were contained within the Annual Audit Plan presented at the last Committee meeting, and will be reported against performance at the September, December and year end Committee meetings.

RESOLVED to:

- (a) Approve the Internal Audit Charter.**
- (b) Note the Quality Assurance and Improvement Programme.**

51/21 COUNTER FRAUD PLAN

(Agenda No. 8)

Sarah Cox, Chief Internal Auditor introduced this report which presents the Counter Fraud Plan for 2021/22 and a review of activity from 2020/21 with the updated Counter Fraud Strategy included to note in Appendix 3.

The plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has in place proportionate and effective resources and controls to prevent and detect fraud as well as investigate those matters that do arise.

Sarah Cox and Tessa Clayton, Audit Manager responded to Members' queries as follows:

- The proposed methodology for Blue Badge enforcement is being drafted and will be shared with Members when finalised with an updated review via the Audit Working Group.
- Work with the Parking Team on undertaking Blue Badge holder checks is currently taking place, and this information will be included as part of the plan, following changes taking place in November.
- Money laundering procedures are in place with a dedicated Money Laundering Officer, which are enforceable through the contract management arrangements. Lorna Baxter, Director of Finance also advised that additional checks are

undertaken on large sums of cash or cheques received as part of our accounting processes.

- Fraud referrals and investigations are not closed down until appropriate control environments are in place and the right sanctions applied. All cases are monitored on a monthly basis through an internal process, however are not monitored against performance measures.
- A key part of the work involves working across geographical boundaries, building good networks and sharing knowledge, joint working practices with CDC are highlighting these benefits. There are national systems for alerts, however noted points regarding promotion of fraud concerns with Members to ensure that all Parish and District Councils are able to access this information.

Tessa Clayton, in response to Members' concerns that the Anti-Fraud and Corruption Strategy states that fraud will be dealt with in a consistent and proportionate manner is inconsistent with its claim that the Council is committed to a zero-tolerance approach to fraud, corruption and theft, advised that the level of response given to an individual fraud is proportionately in line with the scale of the fraud and is mindful of the expected response from any Police involvement. Anita Bradley, Director of Law and Governance assured Members that good working relationships enabling collaborative working practices with the Police is paramount to ensuring that we only refer cases that meet current thresholds to be eligible for investigation by their level of fraud, and is content with the current arrangements in place.

RESOLVED to:

- (a) **Note the summary of activity from 2020/21 in Appendix 1**
- (b) **Note the updated Counter Fraud Strategy and Performance Framework in Appendix 2 and Appendix 3**
- (c) **Comment and note the Counter Fraud Plan for 2021/22.**

52/21 AUDIT WORKING GROUP REPORT

(Agenda No. 9)

Dr Geoff Jones introduced this report which summarised the meeting of the Audit Working Group meeting held on 23 June 2021. He advised that the risk management system is evolving and being strengthened and welcomed further discussions on the most appropriate organisation moving forward.

RESOLVED to note the report.

53/21 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME 2021/22

(Agenda No. 10)

Anita Bradley, Director of Law and Governance, agreed to commence the work on the Constitutional Review work programme at the September meeting to enable the formulation of a working group and work programme to take this item forward.

..... in the Chair

Date of signing

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**Oxfordshire County
Council
Draft Audit results
report**

Year ended 31 March 2021

3 September 2021

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Building a better
working world

Agenda Item 6

3 September 2021



Oxfordshire County Council
Audit & Governance Committee
County Hall
New Road
Oxford OX1 1ND

Dear Audit & Governance Committee Members

2020/21 Draft audit results report

We are pleased to attach our draft audit results report, summarising the status of our audit for the forthcoming meeting of the Audit & Governance Committee. We will update the Audit & Governance Committee at its meeting scheduled for 15 September 2021 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2020/21 financial statements and address current statutory and regulatory requirements. This report contains our substantive findings related to the areas of audit emphasis, our views on Oxfordshire County Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

This report is intended solely for the information and use of the Audit & Governance Committee, other members of the Council and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit & Governance Committee meeting on 15 September 2021.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Maria Grindley'.

Maria Grindley

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The 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 and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit & Governance Committee and management of Oxfordshire County Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit & Governance Committee, and management of Oxfordshire County Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit & Governance Committee and management of Oxfordshire County Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive summary

Executive summary

Scope update

Changes in materiality - In our audit planning report tabled at the 2 June Audit & Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our planning materiality measure of 1.8% of gross expenditure on provision of services and performance materiality at 75% of planning materiality:

Materiality	Audit Plan	Final
Planning	£18.364 m	£19.912 m
Performance	£13.773 m	£14.934 m
Reporting	£0.918 m	£ 0.996 m

Additional EY consultation requirements concerning the impact on auditor reports because of Covid-19.

The continued impact of the Covid-19 pandemic increases the risks to the material accuracy of financial statements and disclosures. To ensure we are providing the right assurances to the Authority and its stakeholders the firm has introduced a rigorous risk assessed consultation process for all auditor reports to ensure that they include the appropriate narrative.

Executive summary

Scope Update

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 No 263, have been published and came into force on 31 March 2021. This announced a change to publication date for final, audited accounts from 31 July to 30 September 2021 for all relevant authorities.

Impact of Covid-19

- ▶ Collection Fund: Due to the impact of the Covid-19 pandemic central government have allowed district councils more time to submit their Collection Fund figures to the Authority. As a result the Collection Fund figures in the draft unaudited accounts have been updated for actuals and agreed.

Additional audit procedures as a result of Covid-19

Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but result in the following impacts on our audit strategy were as follows:

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agree IPE to scanned documents or other system screenshots.

Status of the audit

Our audit work in respect of the Council opinion is substantially complete. We have experienced some delays specifically in respect of the receipt of valuation information on Property, Plant and Equipment. This has delayed our internal specialists concluding on their work and also resulted in delays to the audit team completing their testing of valuations. In addition, as a result of our challenge on the methodology applied to valuations the Council has had to revalue 66 assets. This has extended the audit work as the team needed to re-assess and test the updated valuations. We are also assessing the potential impact of the issue in previous periods. We will provide an update on the status of this work at the Audit & Governance Committee meeting.

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix D.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Narrative Report and Accounts which could influence our final audit opinion

Executive summary

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance
How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

status of the audit - Value for Money

We have previously reported to the Committee the changes to the arrangements for our work on Value for Money (VfM) resulting from the updated NAO Code for 2020/21. We are currently completing our assessment work and assessing the Council against the three sub-criteria. This includes arranging meetings with senior officers to understand in detail the arrangements in place.

As at the date of this report we have identified one risk of significant weaknesses in arrangements specifically in relation to procurement.

We will provide an update at the September Audit & Governance Committee meeting on the status of our work on the VfM Commentary and specifically our progress in coming to a conclusion on the identified risk. This update will also include the timelines for receipt of the VFM Commentary and our conclusions against each of the three sub-criteria. For further details on VFM see Section 5 of this report.



Executive summary

Audit differences

As at the date of this report, we are reporting 2 audit mis-statements greater than our reporting threshold of £14.934 m which will be amended. These are related to assets built by the County Council being recorded as negative additions as opposed to being derecognised upon transfer to Academies as well as a number of revaluations which are being re-worked. Please see further details in Section 4 of this report.

There is currently 1 uncorrected mis-statement greater than our reporting threshold for uncorrected mis-statements of £0.996 m.

There have been a number of presentational and disclosure amendments which we have identified and have been corrected by management. See Section 4 of this report for further details of the mis-statements.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts (WGA) submission. Officers are still awaiting the final guidance supporting the WGA submission for 2020-21. This work will be completed at the end of the audit and we will provide an update on WGA at the September 2020-21 Audit & Governance Committee meeting.

We have no other matters to report.



Executive summary

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Oxfordshire County Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no residual further considerations or matters that could impact these issues;
- ▶ You concur with the resolution of the issue; and
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised.

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

Page 7

Control observations

During the audit, we did not identify any significant deficiencies in internal control.

However, during the audit we identified an issue in relation to journal authorisation and have made recommendations for improvement in relation to management's financial processes and controls. These are detailed in Section 07 of this report - Assessment of the control environment.

Independence

In our Audit Plan presented at the 2 June Audit & Governance Committee meeting we did not identify any independence issues.

Please refer to Section 9 for our update on Independence.



Executive summary

Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Authority's financial statements. We summarise below our latest findings.

Significant risk	Findings & conclusions
Misstatements due to fraud or error	Our work on this area is substantially complete and as at the date of this report we have found no indications of management override of controls.
Incorrect capitalisation of revenue expenditure	Our work on this area is substantially complete and we have found no instances of incorrect capitalisation of revenue expenditure.
Valuation of land and buildings	Our work on valuations is ongoing. As a result of issues identified with the approach we requested that a number of assets be revalued. We have now received these revised valuations and are working through the updated revaluations. As a result we have identified a number of material adjustments from the work completed to date and this is detailed at Section 4. As our work is still ongoing it is possible that further adjustments may arise.
Other area of audit focus	Findings & conclusions
Accounting for Covid-19 related Grant Expenditure	Our work on this area is complete and we did not identify any instances of incorrect treatment in respect of the accounting for Covid-19 related Grant Expenditure.
Pension liability	We have agreed the Authority's pension liability disclosures to the actuarial report with no issues. However, we are awaiting the IAS19 assurance letter from the auditor of the Oxfordshire Pension Fund to enable us to conclude against this area of audit focus. We are reporting one material error on the Firefighter's Pension Fund which results in a prior period adjustment.
Accounting for Dedicated Schools Grant Unusable Reserve	Our work on this area is well progressed and we have consulted with our technical team. We are awaiting an update from Council officers on their rationale for treating the new unusable reserve in the way that they have which we believe is not fully consistent with the guidance.
Going concern	The draft accounts included a detailed disclosure on going concern. Officers have used the assessment of the impact of Covid-19 on the Authority's finances, as reported to Cabinet, to draft the going concern disclosure note. We have scrutinised the financial assessment, cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions and key assumptions. We have requested further information supporting their overall assessment of the Going Concern assumption. We will provide an update on our consideration and final conclusion of this matter at the Audit & Governance Committee meeting.



02 Areas of audit focus





Areas of audit focus

Significant risk

Incorrect capitalisation of revenue expenditure

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What is the risk?

Under ISA240 there is also a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

For Oxfordshire County Council, we consider this risk to be present in:

- Additions to property, plant and equipment and Revenue Expenditure Financed from Capital Under Statute (REFCUS).

We have considered the capitalisation of revenue expenditure on property, plant and equipment as a specific area of risk given the extent of the Authority's capital programme.

What judgements are we focused on?

How management decides on appropriate capitalisation of revenue expenditure, including consideration of REFCUS.

What did we do?

We sample tested additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.

What are our conclusions?

Our testing is complete but subject to final internal review.

We have not identified any issues with management's accounting policies or practices in relation to opting to finance expenditure from capital sources.

Capital expenditure in relation to Investment is not material, therefore we focused our testing on property, plant and equipment capital additions and also Revenue Expenditure Financed from Capital Under Statute (REFCUS) capital additions.

Our testing of capital additions is complete and we have not identified any instances where expenditure had been inappropriately capitalised.



Areas of audit focus

Significant risk

Risk of error in the valuation of land and buildings

What is the risk?

The fair value of Property, Plant and Equipment and Investment Properties represent significant balances in the Authority's accounts, totalling approximately £1.2 billion and are subject to valuation changes, impairment reviews and depreciation charges.

In calculating amounts recorded in the Authority's balance sheet, management are required to make material judgements and apply estimation techniques.

What judgements are we focused on?

We are focused on aspects of the land and buildings valuation which could have a material impact on the financial statements, primarily:

- harder to value assets – such as schools which are valued on a depreciated replacement cost basis;
- the assumptions and estimates used to calculate the valuation; and
- changes to the basis for valuing the assets.

What did we do?

We confirmed that the Authority's valuers are members of RICS and registered valuers. We reviewed the instructions provided to the valuer against the requirements of the Code and IFRS and found no issues.

For a sample of assets we assessed whether the valuation basis was appropriate and whether the assumptions used were supportable and reperformed the valuers' calculations.

We challenged the information provided by the valuer as the management's expert.

We have considered the impact of assets not revalued in year, and whether this could lead to a material misstatement of the closing asset valuation.

What are our conclusions?

We:

- ▶ considered the competence, capability and objectivity of the Council's valuers;
- ▶ considered the scope of the valuers' work;
- ▶ ensured Land & assets have been revalued within a 5 year rolling programme as required by the Code;
- ▶ ensured Investment Property assets had been annually revalued as required by the Code;
- ▶ considered if there were any specific changes to assets that should have been communicated to the valuer(s);
- ▶ ensured that it was appropriate that no disclosure needed to be made in the accounts in relation to any valuation uncertainty;

We noted no issues from the above procedures.

Our work in respect of this significant risk is still in progress and on the following page we detail the procedures we are currently undertaking to address the Significant Risk.



Areas of audit focus

Significant risk (cont'd)

Risk of error in the valuation of land and buildings

What is the risk?

The fair value of Property, Plant and Equipment and Investment Properties represent significant balances in the Authority's accounts, totalling approximately £1.2 billion and are subject to valuation changes, impairment reviews and depreciation charges.

In calculating amounts recorded in the Authority's balance sheet, management are required to make material judgements and apply estimation techniques.

What judgements are we focused on?

We focused on aspects of the land and buildings valuation which could have a material impact on the financial statements, primarily:

- harder to value assets – such as schools which are valued on a depreciated replacement cost basis;
- the assumptions and estimates used to calculate the valuation; and
- changes to the basis for valuing the assets.

What did we do?

We confirmed that the Authority's valuers are members of RICS and registered valuers. We reviewed the instructions provided to the valuer against the requirements of the Code and IFRS and found no issues.

For a sample of assets we assessed whether the valuation basis was appropriate and whether the assumptions used were supportable and reperformed the valuers' calculations.

We challenged the information provided by the valuer as the management's expert.

We have considered the impact of assets not revalued in year, and whether this could lead to a material misstatement of the closing asset valuation.

What are our conclusions?

As at the date of this report our work is still in progress in respect of the following:

- ▶ testing a sample of assets revalued in year to confirm that the valuation basis is appropriate and the accounting entries are correct;
- ▶ sample testing key inputs used by the valuer(s) when producing valuations;
- ▶ considering the results of the valuers' work;
- ▶ challenging the assumptions used by the Council's valuers by reference to external evidence and our EY valuation specialists (where necessary);
- ▶ testing journals for the valuation adjustments to confirm that they have been accurately processed in the financial statements;
- ▶ reviewing assets that are not subject to valuation in 2020/21 to confirm the remaining asset base is not materially misstated;
- ▶ extending the sample of valuations considered by our EY valuation specialists concentrating on assets where we think valuations are more likely to be impacted by C-19 related market volatility;
- ▶ reviewing specifically any changes to approach to valuations as previously discussed and highlighted in 2019/20

We have requested that the Council revalue 66 assets and we are in the process of concluding this review. We will need to assess the potential for the error identified to also have impacted the prior year/s. We are also assessing the valuations undertaken on care Homes. We will report the findings from our work at the September Audit & Governance Committee meeting.



Areas of audit focus

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be matters that we report on

What is the risk/area of focus?	What did we do?
<p><u>Accounting for Covid-19 related grant funding</u></p> <p>The Council has received a significant level of government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in the 2020/21 statements.</p>	<p>We considered the Council's judgement on material grants received in relation to whether it is acting as:</p> <ul style="list-style-type: none"> • An Agent, where it has determined that it is acting as an intermediary; or • A Principal, where the Council has determined that it is acting on its own behalf. <p>We:</p> <ul style="list-style-type: none"> • Have selected a sample of Covid-19 grants received in year, for each item in our sample we have reviewed the Council's accounting treatment as agent or principal. We have sought technical support on the treatment of two grants received in year. • Agreed with the accounting treatment applied by the Council with no issues. <p>The work is substantially complete and subject to final internal review.</p>
<p><u>Valuation of defined benefit pension scheme</u></p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Oxfordshire County Council.</p> <p>The Council's pension liability is a material estimated balance and is required to be disclosed on the Council's balance sheet. At 31 March 2020 this totalled £824.6 million.</p> <p>The information disclosed is based on the IAS 19 report issued by the Pension Fund actuary to the Council. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on its behalf.</p> <p>We are required to undertake procedures on the use of the use of the actuary as management's expert and the assumptions underlying fair value estimates.</p>	<ul style="list-style-type: none"> • Our testing for the defined pension liability is still underway and we have not concluded on this area of focus. From the work completed to date we have not identified any amendments and will provide an update at the Audit & Governance Committee meeting. We are also still awaiting from the Assurance Letter from the auditor of the Oxfordshire Pension Fund. • We have identified an error in the treatment of the Top Up Grant on the Firefighter's Pension Fund. Officers are working through this and we will provide an update at the Audit & Governance Committee meeting on the impact.



Areas of audit focus

Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be matters that we report on

What is the risk/area of focus?

Assessment and disclosures on Going Concern

Covid-19 has created a number of financial pressures throughout local government, creating financial stress in either, or a combination of, increasing service demand leading to increased expenditure in specific services, and reductions in income sources.

There remains a presumption that the Council will continue as a going concern for the foreseeable future. However, the Council is required to carry out a going concern assessment that is proportionate to the significant risks it faces. In light of the continued impact of Covid-19 on the Council's day to day finances, its annual budget, its cashflow and its medium term financial strategy, there is a need for the Council to ensure its going concern assessment is thorough and appropriately comprehensive.

The auditor's report in respect of going concern covers a 12-month period from the date of the audit report, therefore the Council's assessment will also need to cover this period. The Council is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.

Accounting for Dedicated Schools Grant (DSG)

There is a risk that the Council's accounting treatment of the DSG balance will not be in line with the Code, given the recent changes and new guidelines. This would specifically impact on the relevant Balance Sheet and Income and Expenditure assertions specifically Completeness, Existence/Occurrence and Measurement/Valuation.

What did we do?

We are required to meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Council's going concern assessment and its disclosure in the accounts by:

- Challenging management's identification of events or conditions impacting going concern.
- Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- Reviewing the Council's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.

We discussed the detailed implications of the revised auditing standard with finance staff and noted the information provided in the committee papers, budget and the Medium Term Financial Strategy (MTFS) in support of the going concern disclosure.

At the time of writing this report, we have agreed with management to receive an updated assessment of the Council's going concern basis of preparation of accounts in order to conclude on this area following internal consultations. We are currently concluding our review in this area.

We reviewed the workings behind DSG reserve; we have sought technical support on the Council's treatment of the DSG deficit. We are awaiting further representations from management as to their justification of their specific treatment.



03 Audit report



Audit report

Draft audit report

TO BE INCLUDED AT THE END OF THE AUDIT

Our opinion on the financial statements

Page 26



04 Audit differences



Audit differences

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

Summary of adjusted differences

Known misstatements

We have identified two audit mis-statements as at the date of this report greater than our threshold of £14.934 m.

Through our testing of property, plant and equipment additions we identified a negative manual adjustment to the assets under construction additions balance; on enquiry of management this was the derecognition of academies that have been built by the County and then transferred to the academies on completion. The value of this adjustment is £19.4 m.

The audit team have determined that the manual adjustment had been disclosed in the wrong line of the PPE note and should be moved from the additions line to the derecognition line of note 22. This adjustment will have an impact on other notes to the accounts and the final adjustments are in the process of being agreed with management however there is no impact on the General Fund Balance and County's level of reserves.

In addition, as a result of our work on valuations the Council have revalued 66 assets across the following categories: Fire Stations, Libraries and various other categories such as offices. This revaluation exercise was as a result of our challenge on the obsolescence factor being applied by the valuer. Following discussions with the valuer a revised methodology was applied to reflect the asset lives of these assets and this resulted in a revised reduction across the 66 assets of approx. £36 m. We are in the process of confirming and concluding on this area to confirm the final values to be reflected in the final set of the financial statements. We will also need to assess the potential for the error to be reflected in earlier periods. This adjustment, once confirmed, will not impact the General Fund balances but will be reflected in the associated Unusable Revaluation Reserve and also the Capital Adjustment Account.

As our work is ongoing in a number of areas it is possible that further amendments may arise.

We will provide an update on the conclusion of this mis-statement and any other above our reporting threshold at the Audit & Governance Committee meeting.



Audit differences

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

Summary of unadjusted differences

As at the date of this report there is 1 unadjusted mis-statement above our reporting threshold of £0.996 m which we need to bring to the attention of the Audit & Governance Committee.

We identified an error of £1.6 m with respect to an accrual included in Property, Plant & Equipment. The accrual was for LED lighting where we were unable to verify the exact value and amount allocated against this accrual.

We will provide an update at the Audit & Governance Committee meeting should any further unadjusted differences arise.

In line with our overall approach to unadjusted differences we will request specific representations from management in the Letter of Representation to be signed at the end of the audit.



05 Value for money



Value for money

The Council's responsibilities for value for money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the **Council** is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the **Council** tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

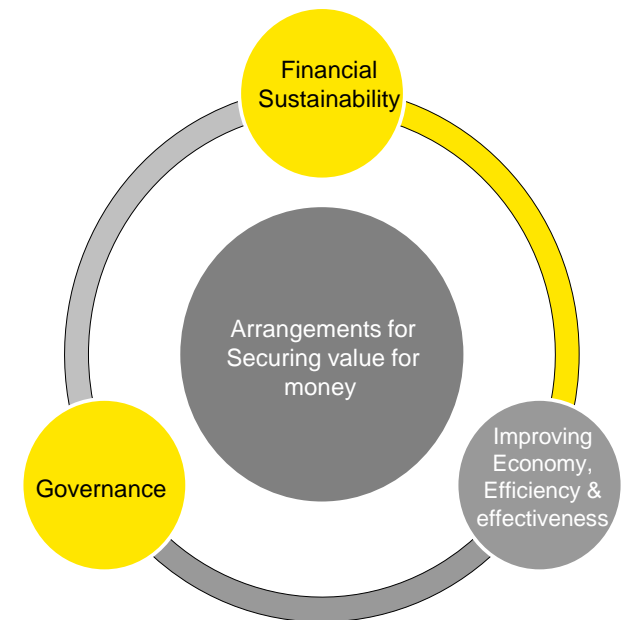
Risk assessment

We have previously reported to the Committee the changes in the arrangements to the VFM for 2020/21.

We are finalising our risk assessment work and assessing the Council against the three sub-criteria. This includes arranging meetings with senior officers to understand in detail the arrangements in place.

As at the date of this report we have identified 1 Significant Risk in respect of weakness in arrangements in Procurement.

We will provide an update at the September Audit & Governance Committee meeting. This update will also include the timelines for receipt of the VFM Commentary and our conclusions against each of the three sub-criteria.





06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2020/21 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2020/21 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We are yet to commence our work in this area due to delays in the central guidance and will report any matters arising to the Audit & Governance Committee.

Other reporting issues

Other powers and duties

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

Other matters

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

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

As at the date of this report we have nothing in respect of other matters that we need to bring to the attention of the Audit & Governance Committee.



07

Assessment of control environment



Assessment of control environment

Financial controls

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




As part of our audit of the financial statements, we obtained 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.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware but we do raise one recommendation in respect of journal authorisation as can be seen on the next slide.

The table below provides an overview of the 'high' 'moderate' and 'low' rated observations we have from the 2020/21 audit (including IT controls). We will discuss with management and follow up as part of 2021/22 audit..

	High	Moderate	Low	Total
New points raised in FY20/21	0	0	1	1
Total open points as at 31 March 2021	0	0	1	1

- Key:
-  A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.
 -  Matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.
 -  Matters and/or issues are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.

The matters reported on the next slide are limited to those that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.



Assessment of Control Environment

Area	Journals	Rating	Low
Observation	<p>We note that there is no 'official' authorisation process in place when processing journals therefore a team member could post an erroneous/fraudulent journal which may not be identified.</p> <p>As a mitigating factor, we are aware that budget holders perform a review of their budgets on a regular basis however no evidence is kept on file of this review so there is no way to confirm that they have completed it.</p> <p>We recommend that OCC implement a journal approval process to reduce likelihood of inaccurate or inappropriate journals being processed to implement best practice guidance.</p> <p>In addition we recommend that OCC put in place procedures to evidence the review the budget holders complete to enhance this control and in order to demonstrate it operates effectively.</p>		
Management comment			

Reliance on internal audit

Whilst we do not rely on the work of your internal auditors, we have reviewed Internal Audit reports issued to management during the period to March 21. This is to ensure that any financial statement risks identified are considered in determining the extent of our audit procedures.



08 Data analytics

Management Override of Controls

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.

What judgements are we focused on?

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.

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?

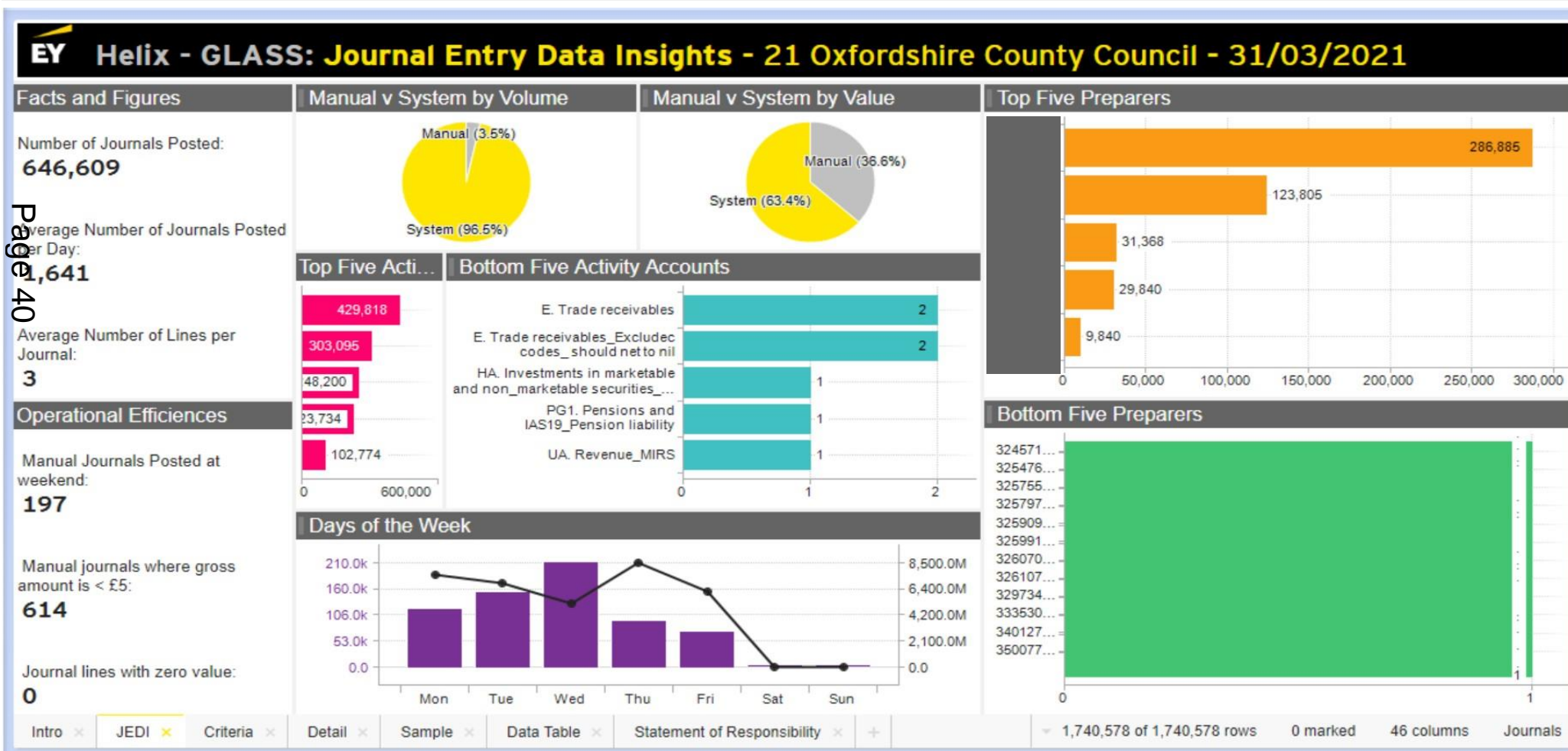
Our journal entry testing is substantially complete. We have not identified any issues which we need to bring to the attention of the Audit & Governance Committee. We will provide an update on this at the next meeting in September.



Data Analytics

Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2020/21. We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions included in our data subset.





09

Independence

Relationships, services and related threats and safeguards

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

There are no relationships from 1st April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below. Further detail of all fees has been provided to the Audit & Governance Committee with measurement against pre-approved limits.

at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm that we have not undertaken any non-audit work during 2020-21.

Confirmation and analysis of Audit fees

We confirm there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 02 June 2021.

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

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you and your Audit & Governance Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit & Governance Committee on 21 July 2021.

We confirm we plan to undertake non-audit work outside of the Statement of responsibilities of auditors and audited bodies as issued by the Public Sector Audit Appointments Ltd. We will apply the necessary safeguards in our completion of this work.

Description	Final Fee 2020/21 £	Planned Fee 2020/21 £	Final Fee 2019/20 £
Total Audit Fee - Code work	Note***	145,200***	105,868*
Other Objection - 2015/16	-	-	27,225
Other Objection - 2016/17	-	-	19,998
Total Audit Fees	Note***	145,200***	144,391
Non-audit work (Teacher's Pensions Certification)	TBC**	13,500	13,000
Total non-audit services	TBC**	13,500	13,000
Total fees	Note***	Note***	157,391

All fees exclude VAT

(*) The 19/20 Code work includes an additional fee of £21,200, which relates to additional work reviewing McCloud/GMP where we used EY Pensions specialists; IFRS 9 (Financial Instruments) material adjustment which required additional technical support, & extended income and expenditure testing. We have discussed the variation with officers, but are awaiting approval from PSAA.

(**) The 19/20 work on the Teacher's Pension certification has been completed. For 20/21 the planned fee represents the base fee, i.e. not including any extended testing.

(***) The scale fee for 20/21 is set by PSAA as indicative and does not reflect the actual costs of undertaking the audit, to address all risks identified and to meet current regulatory standards. We set out the key areas of focus of our work on pages 7-15. In our planning report, we included an estimate of the fee of £145,200 to reflect those underlying costs. We have also incurred additional costs in addressing the increased risks associated with C 19, including asset valuations and the impact on the going concern assessment. We will discuss and agree a fee with management and PSAA, and communicate progress to the Audit & Governance Committee.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

[EY UK Transparency Report 2020 | EY UK](#)



10 Appendices



Appendix A

Audit approach update





We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

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

- ▶ Existence: An asset, liability and equity interest exists at a given date
- ▶ Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- ▶ Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- ▶ Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded




Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Appendix A

Balance sheet category 	Audit Approach in current year 	Audit Approach in prior year 	Explanation for change 
Trade receivables	We tested controls over all relevant assertions with limited substantive testing performed in accordance with auditing standards	We tested controls over all relevant assertions with limited substantive testing performed in accordance with auditing standards	No change
Trade payables	We tested controls over all relevant assertions with limited substantive testing performed in accordance with auditing standards	We tested controls over all relevant assertions with limited substantive testing performed in accordance with auditing standards	No change
Investments	Substantively tested all assertions	Substantively tested all assertions	No change
Tangible fixed assets	Substantively tested all assertions	Substantively tested all assertions	No change
Cash	We tested controls over all relevant assertions with limited substantive testing performed in accordance with auditing standards	We tested controls over all relevant assertions with limited substantive testing performed in accordance with auditing standards	No change
Borrowing	Substantively tested all assertions	Substantively tested all assertions	No change
Capital grants receipts in advance	Substantively tested all assertions	Substantively tested all assertions	No change
Pensions liability	Substantively tested all assertions	Substantively tested all assertions	No change

Appendix B

Summary of communications




Date 	Nature 	Summary 
13 January 2021	Meeting	The partner in charge of the engagement and other senior members of the audit team, met with the Audit & Governance Committee to understand the latest issues impacting Oxfordshire County Council.
2 March 2021	Meeting	The partner in charge of the engagement, along with other senior members of the audit team, met with the management team to discuss any issues carried forward from the 2019/20 audit and to understand the latest business operating environment.
Mar-April 2021	Meeting	The audit team continued to liaise with the core finance team to conclude on a number of outstanding and ongoing areas of the audit.
26 May 2021	Report	The draft audit plan, including confirmation of independence, was issued to the Audit & Governance Committee.
2 June 2021	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, delivered a presentation to the Audit & Governance Committee on the role of external audit and also on the role of an effective Audit Committee. This was designed to support new members on the Audit & Governance Committee.
2 June 2021	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with the Audit & Governance Committee and senior members of the management team to discuss the draft audit plan for 2020/21.
Jun-July 2021	Meeting	The audit team continued to liaise with the core finance team to conclude on a number of outstanding and ongoing areas of the audit. Meetings were held twice per week to facilitate quicker resolution of issues.
12 July 2021	Report	The draft audit results report, including confirmation of independence, was issued to the Audit & Governance Committee.
21 July 2021	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with the Audit & Governance Committee and senior members of the management team to discuss the draft audit results report.
19 August 2021	Meeting	The partner in charge of the engagement, along with other senior members of the audit team, met with the management team to understand the latest business operating environment as well as to discuss the status of the audit, key findings and also the steps required to conclude the audit
3 September 2021	Report	The draft audit results report, including confirmation of independence, was issued to the Audit & Governance Committee.
15 September 2021	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with the Audit & Governance Committee and senior members of the management team to discuss the draft audit results report.

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

Appendix C

Required communications with the Audit & Governance Committee

There are certain communications that we must provide to the Audit & Governance Committees of UK entities. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Audit & Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Draft Audit planning report presented at the 2 June Audit & Governance Committee
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Draft Audit planning report presented at the 2 June Audit & Governance Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Draft Audit planning report presented at the 2 June Audit & Governance Committee

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Page 50	<ul style="list-style-type: none"> ▶ About the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate (in accordance with Code provision 31), and their statements: <ol style="list-style-type: none"> In the financial statements, as to whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, including any related disclosures identifying any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements (in accordance with Code provision 30); and In the annual report as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions (in accordance with Code provision 31); ▶ Any other matters identified in the course of the audit that we believe will be relevant to the board or the Audit & Governance Committee in the context of fulfilling their responsibilities referred to above. 	
	<p>Public Interest Entities</p> <p>For the audits of financial statements of public interest entities our written communications to the Audit & Governance Committee include:</p> <ul style="list-style-type: none"> ▶ A declaration of independence ▶ The identity of each key audit partner ▶ The use of non-member firms or external specialists and confirmation of their independence ▶ The nature and frequency of communications ▶ A description of the scope and timing of the audit ▶ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▶ Materiality ▶ Any going concern issues identified ▶ Any significant deficiencies in internal control identified and whether they have been resolved by management 	<p>Draft Audit planning report presented at the 2 June Audit & Governance Committee and</p> <p>Draft Audit results report presented at the 21 July 2021 & 15 September Audit & Governance Committee meetings</p>

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> ▶ Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the Audit & Governance Committee ▶ Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof ▶ The valuation methods used and any changes to these including first year audits ▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▶ The identification of any non-EY component teams used in the group audit ▶ The completeness of documentation and explanations received ▶ Any significant difficulties encountered in the course of the audit ▶ Any significant matters discussed with management ▶ Any other matters considered significant 	
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the Audit & Governance Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit & Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit & Governance Committee responsibility. 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Draft Audit planning report presented at the 2 June Audit & Governance Committee and</p> <p>Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings</p>



Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Page 53	<p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the company and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The Audit & Governance Committee should also be provided an opportunity to discuss matters affecting auditor independence 	
	<p>External confirmations</p> <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings
	<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Audit & Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit & Governance Committee may be aware of 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings






Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Draft Audit results report presented at the 21 July 2021 & 15 September 2021 Audit & Governance Committee meetings

Appendix D

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Final Accounts	Review of the Final Accounts and associated support for disclosures Incorporation of EY review comments on disclosure notes	EY and management
Going concern review and disclosures	EY central review process and finalisation of disclosures and opinion wording	EY and management
Management representation letter	Receipt of signed management representation letter	Management and Audit & Governance Committee
Property, Plant and Equipment (PPE) Valuations	EY to review the revised PPE valuations and assess the revised methodology.	EY and management
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management
Value for Money Conclusion	EY to conclude on Value for Money conclusion and report back findings in Auditor's Annual Report	EY and management
Key audit areas as set out in the body of this report	Final receipt of information needed for us to complete the areas set out in the body of this report, in particular, delays in the PPE work to be addressed. Following this, we will also need to complete our review at manager, Engagement Partner and Quality Reviewer level.	EY and management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that some key disclosures remain to be finalised and audited. A draft of the current opinion (with outstanding areas highlighted) will be provided in our final audit results report.

Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young
FAO: Maria Grindley
EY
Apex Plaza
Reading
RG1 1YE

This letter of representations is provided in connection with your audit of the council financial statements of Oxfordshire County Council ("the Council") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the council financial statements give a true and fair view of the Council financial position of Oxfordshire County Council as of 31 March 2021 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 for the Council.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, the Accounts and Audit Regulations 2020 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 for the Council.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the council financial statements. We believe the Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and are free of material misstatements, including omissions. We have approved the council financial statements.
3. The significant accounting policies adopted in the preparation of the Council financial statements are appropriately described in the Council financial statements.
4. As members of management of the Council, we believe that the Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 for the Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the council financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because *[specify reasons for not correcting misstatement]*.

Management representation letter

Management Rep Letter (cont.)

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the Council financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the council financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Council and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the 15 September 2021.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the council financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Management representation letter

Management Rep Letter (cont.)

C. Information Provided and Completeness of Information and Transactions (cont'd)

7. From the date of our last management representation letter dated 29 November 2020 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. No guarantees have been given to third parties.

E. Going Concern

1. Note 1 to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than those described in Note X to the council financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the council financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information.

H. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the council financial statements.

I. Reserves

1. We have properly recorded or disclosed in the council financial statements the useable and unusable reserves.

J. Use of the Work of a Specialist - Pensions, Property, Plant and Equipment and Provisions

1. We agree with the findings of the specialists that we engaged to evaluate the asset and provision valuations and net pension liability valuation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Management representation letter

Management Rep Letter (cont.)

K. Estimates - Pensions, Property, Plant and Equipment and Provisions

1. We confirm that the significant judgments made in making these accounting estimates have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making these accounting estimates.
3. We confirm that the significant assumptions used in making these accounting estimates appropriately reflect our intent and ability to carry out *[describe the specific courses of action]* on behalf of the entity.
4. We confirm that the disclosures made in the council financial statements with respect to the accounting estimate(s) are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 for the Council.
5. **We confirm that appropriate specialized skills or expertise has been applied in making these accounting estimates.**
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the council financial statements due to subsequent events, including due to the COVID-19 pandemic.

L. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Lorna Baxter - Director of Finance

Councillor Roz Smith - Chair of the Audit & Governance Committee

Progress report on implementation of IFRS 16 Leases

In previous reports to the Audit & Governance Committee, we have highlighted the issue of new accounting standards and regulatory developments. IFRS 16 introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases. The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

IFRS 16 does not come into effect for the Council until 1 April 2022. However, officers should be acting now to assess the Council's leasing positions and secure the required information to ensure the Council will be fully compliance with the 2022/23 Code. The following table summarises the actions necessary to implement the adoption of IFRS 16 from 1 April 2022:

IFRS 16 theme	Summary of key measures
Data collection	<p>Management should have:</p> <ul style="list-style-type: none"> Put in place a robust process to identify all arrangements that convey the right to control the use of an identified asset for a period of time. The adequacy of this process should be discussed with auditors. Classified all such leases into low value; short-term; peppercorn; portfolio and individual leases Identified, collected, logged and checked all significant data points that affect lease accounting including: the term of the lease; reasonably certain judgements on extension or termination; dates of rent reviews; variable payments; grandfathered decisions; non-lease components; and discount rate to be applied.
Policy Choices	<p>The council need to agree on certain policy choices. In particular:</p> <ul style="list-style-type: none"> Will [the council adopt a portfolio approach? Has the low value threshold been set and agreed with auditors? Which asset classes, if any, are management adopting the practical expedient in relation to non-lease components? What is managements policy in relation to discount rates to be used?
Code adaptations for the public sector	<p>Finance teams should understand the Code adaptations for the public sector. The Code contains general adaptations, (e.g. the definition of a lease); transitional interpretations (e.g. no restatement of prior periods) and adaptations that apply post transition (e.g. use of short-term lease exemption).</p>
Transitional accounting arrangements	<p>Finance teams should understand the accounting required on first implementation of IFRS 16. The main impact is on former operating leases where the authority is lessee. However, there can be implications for some finance leases where the Council is lessee; and potentially for sub-leases, where the Council is a lessor, that were operating leases under the old standard.</p>
Ongoing accounting arrangements	<p>Finance teams need to develop models to be able to properly account for initial recognition and subsequent measurement of right of use assets and associated liabilities. This is more complex than the previous standard due to more regular remeasurements and possible modifications after certain trigger events.</p>
Remeasurements and modifications	<p>Finance teams need to familiarise themselves with when the 'remeasurement' or 'modification' of a lease is required and what to do under each circumstance. A modification can lead to an additional lease being recognised. It is also important to know when remeasurements require a new discount rate is to be applied to the lease.</p>

About EY

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ED None

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Oxfordshire Pension
Fund
Audit results report
Year ended 31 March 2021

15 September 2021

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15 September 2021

Dear Committee Members

2020/21 Audit results report

We are pleased to attach an audit results report for the forthcoming meeting of the Audit and Governance Committee. We will update the Committee at its meeting on 15 September 2021 on further progress to that date and explain the remaining steps for the issue of our final opinion.

The audit is designed to express an opinion on the 2020/21 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Oxfordshire Pension Fund's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. This report is intended solely for the information and use of the Audit and Governance Committee and management. It is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Committee meeting on 15 September 2021.

Yours faithfully

Kevin Suter, Associate Partner

For and on behalf of Ernst & Young LLP

Encl

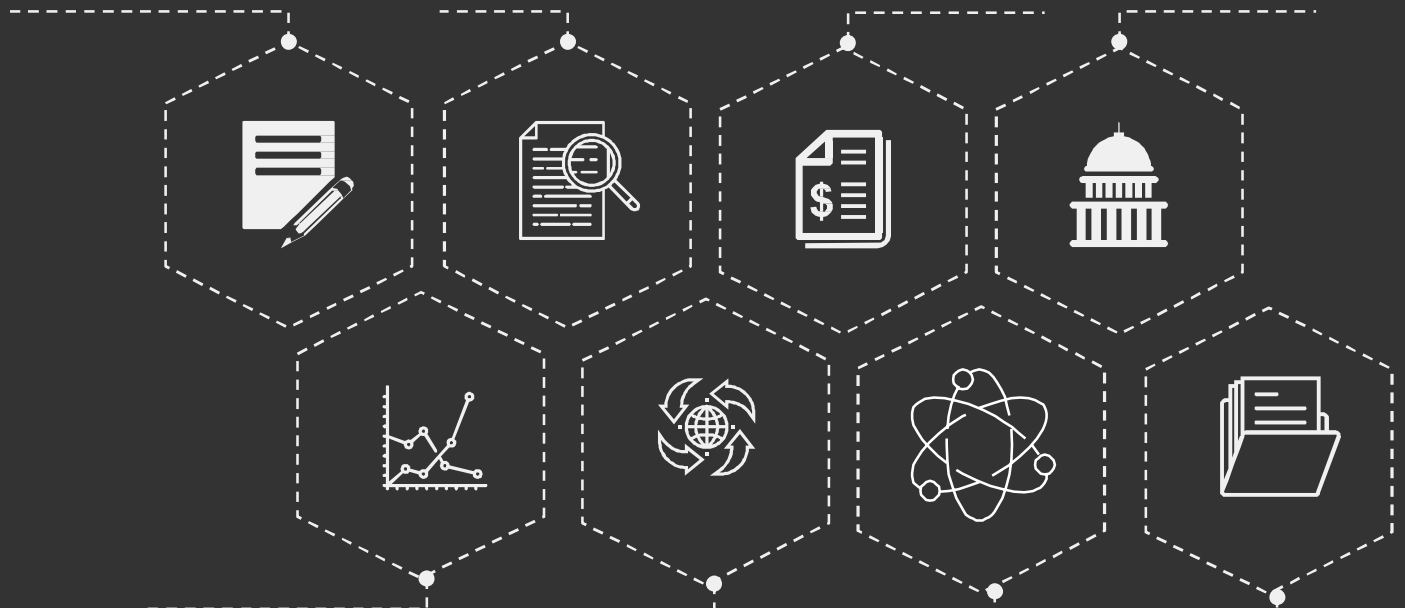
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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities 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 and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Oxfordshire Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee, and management of Oxfordshire Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Governance Committee and management of Oxfordshire Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary



Executive Summary

Scope update

In our audit planning report presented to the 26 May 2020/21 Audit and Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan with the following updates.

Changes in materiality

We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment.

	Planning Materiality	Performance Materiality	Audit Differences
	Our planning materiality represents 1% of the Fund's net assets, consistent year on year.	Performance materiality represents 75% of planning materiality and is the top of our range, consistent year on year.	We will report all uncorrected misstatements relating to the primary statements (net asset statement and fund account) greater than 5% of planning materiality.
Planned	£23.63 million	£17.72 million	£1.181 million
Final	£29.7 million	£22.27 million`	£1.485 million

Auditing accounting estimates

A revised auditing standard has been issued for the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors now consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether or not there is a significant risk. At the same time, we may see the number of significant risks we report for accounting estimates to increase as a result of the revised guidance in this area. The changes to the standard may affect the nature and extent of information requested and will probably increase the level of audit work required. As well as the valuation of level 3 investments, which we have treated as areas of audit focus in our approach.



Executive Summary

Status of the audit

Our audit work in respect of the Fund opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Agreement of all final amendments to the financial statements
- Update of our subsequent events procedures to the date of our opinion
- Receipt of a signed letter of management representation
- Testing of level 2 and level 3 investments
- Related party transactions
- Journal entry testing
- Remaining disclosures in the account relating to investments
- Additional voluntary contributions (Fund has not yet received information from Prudential)

Contributions receivable
IAS19 procedures for admitted bodies and response to the letter sent by admitted bodies

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2020/21 with the audited financial statements. The audit of the full annual statement of accounts of Oxfordshire County Council for the year ended 31 March 2021 is not yet complete.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the accounts which could influence our final audit opinion.

Audit differences

At the date of this report there are no unadjusted audit differences. The Fund has agreed to adjust for a number of differences arising from our audit, which primarily relate largely to disclosure misstatements. We include further details in Section 4.

Executive Summary

Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Authority's financial statements. We summarise below our latest findings. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised in the "Areas of Audit Focus" section of this report.

Fraud risks	Findings & conclusions
Misstatements due to fraud or error	We carried out standard procedures to address fraud risks as set out in our audit plan, including identifying risks, considering controls and their effectiveness, testing journal entries and looking at estimates for evidence of management bias. Using data analytics is central to our approach.
Risk of manipulation of Investment income and valuation.	We considered this risk to be centred on inappropriate journals. The testing for the journals involving investment income and valuation is ongoing.

Significant risk	Findings & conclusions
Valuation of complex investments (unquoted and pooled investments)	We are undertaking additional procedures, as described more fully in Section 2 of this report, to gain material assurance over the year-end valuation of the Fund's complex investments disclosed as level 3 in the fair value hierarchy, and therefore inherently more difficult to value. Our work in this area is ongoing.

Areas of audit focus	Findings & conclusions
Valuation of investments under level 2 fair value hierarchy	We are carrying out procedures as set out in our audit plan to ensure that these investment valuations are supported. Our work in this area is ongoing.



Executive Summary

Control observations

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

Independence

Please refer to Section 7 for our update on Independence.



02 Areas of Audit Focus





Areas of Audit Focus

Fraud risk

Misstatements due to fraud or error

What is the risk?

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

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

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

Page 72
We:

- asked management about risks of fraud and the controls to address those risks;
- ensured we understood the oversight given by those charged with governance of management's processes over fraud; and
- considered the effectiveness of management's controls designed to address the risk of fraud.

We also performed mandatory procedures regardless of specifically identified fraud risks, including:

- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- assessing accounting estimates for evidence of management bias; and
- evaluating the business rationale for significant unusual transactions.

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

What are our conclusions?

Based on the work completed, we have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We have not identified any transactions during our audit which appeared unusual or outside the Pension Fund's normal course of business. However our work in this area is ongoing.



Areas of Audit Focus

Fraud risk

Risk of inappropriate posting of investment valuation

What is the risk?

Investment valuations are manually input on to the general ledger, so there is opportunity to manipulate the valuation of investments and the resulting investment income.

Manipulating investments would increase the net value of pension fund assets, and increase the investment returns recognised in year.

Total Investments for 2020/21 were £2,909m (2019/20: £2,302m), and net investment income, profits and losses and disposal of investments and change in market value of Fund assets were +£588m (2019/20: -£156m)

As our planning performance materiality was £17.72m (increased to £22.27m as per the draft accounts), any manipulation over 1% would result in a material error to the value of investments.

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What are we doing and what judgements did we focus on?

- reconciled the investment value to both the fund manager and custodian reports.
- reviewed the investment accounts in the general ledger and investigated any unusual items
- performed journal entry testing – we used our testing of journals to identify high risk transactions, such as items posted to investment or related accounts outside the normal process.

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

What are our conclusions?

Our work in this area is ongoing.



Areas of Audit Focus

Significant risk

Valuation of complex investments (Level 3 Fair Value hierarchy)

What is the risk?

Investments at Level 3 are those where at least one input that could have a significant effect on the asset's valuation is not based on observable market data. In 2020/21, £203m (2019/20: £291m) investments were reported as Level 3 investments in the financial statements).

Significant judgements are made by the Investment managers or administrators to value these investments whose prices are not publicly available. The material nature of Investments means that any error in judgement could result in a material valuation error.

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. Such variations could have a material impact on the financial statements. The COVID-19 pandemic is such an event.

What are we doing and what management judgements did we focus on?

We:

- are reviewing the latest available audited accounts for the relevant funds and ensuring there are no matters arising that highlight weaknesses in the fund's valuation;
- where the latest audited accounts were not as at 31 March 2021, we have performed analytical and other procedures to assess the valuation for reasonableness against our own expectations; and
- tested that accounting entries were correctly processed in the financial statements.

We note that in the 2019/20 financial statements, pooled property assets were redefined as Level 3 assets (from Level 2 in previous years). In 2020/21 some of these investments were considered stable enough to be returned to the Level 2 category. We will consider the reasonableness of the transfers to and from Level 3 to other levels of the fair value hierarchy.

What are our conclusions?

Our work in this area is ongoing.



Areas of Audit Focus

Area of audit focus



Valuation of level 3 investments - further details on procedures/work performed

We:

- Triangulated the valuation reports from the fund managers and custodians to the entries in the financial statements.
- Corroborated the investment valuation from the fund manager from available market prices
- Obtained audited financial statements supporting the investments for investments that does not have available market prices
- Obtained controls assurance reports and bridging letters for the controls reports to year end and assessed whether exceptions were noted by the auditors.
- Considered the work performed by the fund managers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Challenged the key assumptions used by the fund managers in valuations and considered further whether specialist support is needed to support our work in this area. We concluded no such further support was necessary.
- Tested accounting entries had been correctly processed in the financial statements.

We obtained audited financial statements supporting valuations as at 31 March 2021 or the latest audited financial statements. We evaluated those financial statements to gain assurance that:

- The audit report was not qualified or otherwise modified.
- The audit report did not contained material uncertainties in respect of going concern and that there were no other matters emphasised that would impact valuation.
- The audit report was issued by a reputable auditor.

We also evaluated controls assurance reports to gain assurance they were not qualified and there were no specific control failures that could impact the valuation of investments. We assessed the quality of the controls underpinning the valuations.

For the related investments in which the audited financial statement dated other than 31 March 2021, we performed the following procedures:

- Agreed the net asset value investments to underpinning audited financial statements as at 31 December. We then adjusted the 31 December 2020 valuation for known calls and puts in the final quarter of the year assuming they occurred at the start of the quarter.
- Used available quarter 3 to 4 indices relevant to the type of investment to create a high/low range of movements for quarter 4 and applied that to the valuation derived for each investment. We confirmed that the range established was not greater than our performance materiality.
- We compared the valuation in the financial statements to the range established to gain assurance investments values in the financial statements were within the expected range.



03 Audit Report



Audit Report

Draft audit report

Our draft opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY COUNCIL

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2021 and the amount and disposition of the fund's assets and liabilities as at 31 March 2021; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the [Chief Financial Officer]'s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2020/21 [other than the financial statements and our auditor's report thereon]. The Director of Finance is responsible for the other information contained within the Statement of Accounts 2020/21.

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

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

We have nothing to report in this regard.



Audit Report

Our draft opinion on the financial statements

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects

Responsibility of the Director of Finance

As explained more fully in the Statement of the Director of Finance's Responsibilities set out on page x the Director of Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.

We understood how Oxfordshire Pension Fund is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit, and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and



Audit Report

Our draft opinion on the financial statements

regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Pension Fund Committee and Local Pension Board minutes, through enquiry of employees to confirm Pension policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and opportunities for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures we identified the manipulation of journal entries of the investment asset valuations to be our fraud risk.

To address our fraud risk we tested the consistency of the investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



04 Audit Differences



Audit Differences

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

Summary of adjusted and uncorrected differences

There were no misstatements greater than £41.1m which have been corrected by management or other specific misstatements identified during the course of our audit which we wish to draw to your attention. One lower value misstatement and a number of disclosure amendments were made as a result of our work.

There were no uncorrected misstatements.



05 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2020/21 with the audited financial statements. We have not yet received the Pension Fund Annual Report for the year ended 31 March 2021.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We have had no reason to exercise these duties.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Fund's financial reporting process. We have no matters to report.



06

Assessment of Control Environment



Assessment of Control Environment

Financial controls

Our responsibilities

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

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

Findings

We have not identified any significant deficiencies in internal control.



07

Independence

Relationships, services and related threats and safeguards

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

There are no relationships from 1 April 2020 to the date of this report which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table below sets out a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

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	Planned fee 20/21	Final Fee 2019/20
	£	£
Scale Fee – Code work	18,563	18,563
Scale Fee Rebasing	41,097	41,097
Going Concern and PBSE Assessments and Disclosures	TBC	5,767
Impact of COVID-19: significant risks and extra work on valuation of assets (1)	TBC	4,785
Delays in the audit	N/A	1,010
Additional fee for IAS19 assurance work on behalf of admitted bodies	8,000	5,500
Additional fee for work on the 2019 triennial valuation of the Fund that has yet to be determined and agreed by PSAA (2)	N/A	3,555
Total indicative Pension Fund fee	TBC	80,277

(1) We need to consider the impact of the continuing pandemic

(2) In 2019/20 we undertook additional work to gain assurance over the 2019 triennial valuation of the Fund. The triennial valuation informs both the assessment of the IAS19 liabilities in scheduled bodies' financial statements and the actuarial present value of promised retirement benefits disclosure in the Pension Fund financial statements. This will not be required for the 20/21 audit.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

[EY UK Transparency Report 2020 | EY UK](#)



08 Appendices

Audit approach update

We summarise below our approach to the audit of the net asset statement and any changes to this approach from the prior year audit.

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




- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded

Page 90 Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

There were no significant changes to our audit approach, but as a result of the introduction of IA540 (revised) we did undertake more detailed procedures to gain assurance over the valuation of both level 3 investments and the IAS 26 disclosure of the actuarial present value of promised retirement benefits disclosed as a note to the accounts.

Appendix B



Summary of communications

Date 	Nature 	Summary 
Throughout the year	Meetings, calls and e-mails	The Manager has been in regular contact with the Director of Finance and relevant finance staff on the Fund's risks, accounts closedown and the audit approach.
<ul style="list-style-type: none"> 27/05/2020 committee 22/7/2020 committee 16/9/2020 committee 11/11/2020 committee 13/01/2021 committee 03/03/2021 committee 18/05/2021 committee 02/06/2021 committee 21/07/2021 committee 	Meetings and reports	<p>The Associate Partner and/or Manager have attended all meetings of the Audit and Governance Committee held during the year and through to the date of issue of this report.</p> <p>Specific reports issued and communications with the Audit and Governance Committee are detailed in Appendix C.</p> <p>Progress updates have been presented to each meeting, either verbally or in writing, as appropriate</p>
<ul style="list-style-type: none"> 23/03/2021 26/04/2021 26/05/2021 15/06/2021 24/06/2021 19/08/2021 	Meetings	<p>The Manager has met regularly with the Director of Finance and relevant staff throughout the year to discuss the audit of both County Council and Fund matters up to the date of issue of this report.</p> <p>During the Pension Fund final accounts audit we engaged directly with Fund staff at least weekly.</p>
In addition to the above specific meetings and letters the audit team met with the management team throughout the audit to discuss audit findings.		




Appendix C

Required communications with the Audit, Regulation and Accounts Committee

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

Our Reporting to you		
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Regulation, Audit and Accounts Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Plan – dated May 2021
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan – dated May 2021
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report – dated September 2021

Appendix C

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	<p>No conditions or events have so far been identified, either individually or together to raise any doubt about Oxfordshire Pension Fund's ability to continue for the 12 months from the date of our report.</p>
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	<p>Audit Results Report – dated September 2021</p>
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the Regulation, Audit and Accounts committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	<p>Audit Results Report – dated September 2021 and up to the date of our audit report.</p>
Fraud	<ul style="list-style-type: none"> • Enquiries of the Regulation, Audit and Accounts Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Pension Fund • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Fund, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Regulation, Audit and Accounts Committee responsibility. 	<p>Audit Results Report – dated September 2021</p>

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Fund's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Pension Fund 	Audit Results Report – September 2021
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> • Relationships between EY, the company and senior management, its affiliates and its connected parties • Services provided by EY that may reasonably bear on the auditors' objectivity and independence • Related safeguards • Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees • A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit 	Audit Plan – dated May 2021 and Audit Results Report – September 2021

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> Details of any inconsistencies between the Ethical Standard and the Fund's policy for the provision of non-audit services, and any apparent breach of that policy Details of any contingent fee arrangements for non-audit services Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Audit Results Report – September 2021

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit Results Report – September 2021
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report – September 2021
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report – September 2021
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit Plan – dated May 2021 and Audit Results Report – September 2021

Management representation letter

Oxfordshire Pension Fund – anticipated draft, based on the current position of the audit. Further representations may be required.

Management Representation Letter

xx September 2021

Kevin Suter
Associate Partner
Ernst & Young LLP
Grosvenor House, Grosvenor Square
Southampton
SO15 2BE

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This letter of representations is provided in connection with your audit of the financial statements of Oxfordshire Pension Fund ("the Fund") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2020 to 31 March 2021 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2021, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and are free of material misstatements, including omissions. We have approved the financial statements.

Management representation letter

4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021 that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with laws and regulations including fraud

1. We acknowledge that we are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have not made any reports to The Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.
5. There have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty.
6. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. You have been informed of all changes to the Fund rules.

Management representation letter

3. All material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.

4. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through 2020/21 to the most recent meeting of the Audit and Governance Committee on 15 September 2021.

5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

6. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.

8. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021.

9. From 26 November 2020 (the date of our last management representation letter) through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities relating to litigation and claims, both actual and contingent, and have disclosed in Note 25 to the financial statements all guarantees that we have given to third parties.

E. Going Concern

Note [X] to the financial statements discloses all the matters of which we are aware that are relevant to the Company's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

Management representation letter

F. Subsequent Events

1. Other than as disclosed in the financial statements, there have been no events (including events related to the COVID-19 pandemic) subsequent to the period end which require adjustment of, or disclosure in, the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information other than the pension fund financial statements, contained within the Oxfordshire County Council Statement of Accounts 2020/21.
2. We confirm that the content contained within the other information is consistent with the financial statements.
3. We will provide to you the final version of documents when available [or X date] and prior to issuance by us, such that you can perform your procedures.

H. Independence

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

I. Derivative Financial Instruments

1. We confirm that the Fund has made no direct investment in derivative financial instruments.

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

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

K. Actuarial valuation

1. The latest report of the actuary Hymans Robertson as at 31 March 2019 and dated 31 March 2020 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

L. Use of the Work of a Specialist

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

Management representation letter

M. Estimates

Valuation of investments

- 1 We confirm that the significant judgments made in making the investment valuations have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the investment valuations.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021.
4. We confirm that appropriate specialized skills or expertise has been applied in making the investment valuations.
5. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic

Yours faithfully,

Lorna Baxter
Director of Finance

Cllr Roz Smith
Chair of the Audit and Governance Committee

About EY

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ED None

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Division(s): N/A

AUDIT and GOVERNANCE COMMITTEE – 15 September 2021

INTERNAL AUDIT 2021/22 PROGRESS REPORT

Report by the Director of Finance

RECOMMENDATION

1. The committee is **RECOMMENDED** to note the progress with the 2021/22 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.
3. A full update on resources was made to the Audit and Governance Committee in June 2021 as part of the Internal Audit Strategy and Plan for 2021/22.
4. The report includes the Executive Summaries from the individual Internal Audit reports finalised since the last report to the June 2021 Committee. Since the last update, there have been no further red reports issued.

PROGRESS REPORT:

RESOURCES

5. A full update on resources was made to the Audit and Governance Committee in June 2021 as part of the Internal Audit Strategy and Plan for 2021/22. There are currently no vacancies within Internal Audit / Counter Fraud.
6. One of the new Senior Auditors who commenced in November 2020, went on maternity leave from the middle of June 2021. We are currently reviewing options to cover this absence.
7. We are continuing to support team members to compete both the Chartered Internal Audit Qualification and the Certified Internal Audit Qualification. Two of the Senior Auditors have recently passed one of the Certified Internal Audit exams, their studies are continuing. The Assistant Auditor and Counter Fraud Intelligence Officer are undertaking apprenticeships.

2021/22 INTERNAL AUDIT PLAN - PROGRESS REPORT

8. The 2021/22 Internal Audit Plan, which was agreed at the June 2021 Audit & Governance Committee, is attached as Appendix 1 to this report. This shows current progress with each audit. The plan and plan progress is reviewed quarterly with the individual directorate leadership teams.
9. There have been 5 audits concluded since the last update, summaries of findings and current status of management actions are detailed in Appendix 2. The completed audits are as follows:

FINAL Reports:

Directorate	2020/21 Audits (one audit included within the 2020/21 opinion was not finalised at the time of the last report)	Opinion
Adults	Order of St Johns Contract	Amber
Directorate	2021/22 Audits	Opinion
Childrens	Supporting Families – Claim 1 – claim certified	n/a
Customers, OD & Resources - IT	Cyber Security	Amber
Childrens	Implementation of New Childrens IT Education System – Phase 1 Data Migration	Green
Adults	Client Charging	Amber

The following **grant certification** work has been completed since the last report to A&G:

- Building Digital UK – certified end of June 21

PERFORMANCE

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

Performance Measure	Target	% Performance Achieved for 21/22 audits (as at 01/09/21)	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)	60%	Previously reported year-end figures: 2020/21 50% 2019/20 61% 2018/19 69%
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 days	100%	Previously reported year-end figures: 2020/21 88% 2019/20 74% 2018/19 82%
Elapsed Time between issue of Draft report and issue of Final Report.	15 days	75%	Previously reported year-end figures: 2020/21 80% 2019/20 74% 2018/19 85%

The other performance indicators are:

- % of 2021/22 planned audit activity completed by 30 April 2022 - reported at year end.
- % of management actions implemented (as at 01/09/21) – 72%. Of the remaining there are 3% of actions that are overdue, 9% partially implemented and 16% of actions not yet due.
(At June 2021 A&G Committee the figures reported were 79% implemented, 2% overdue, 6% partially implemented and 13% not yet due)
- Extended Management Team satisfaction with internal audit work - reported at year end.

COUNTER-FRAUD

11.The next counter fraud update to Audit & Governance Committee is scheduled for November 2021.

SARAH COX

Chief Internal Auditor

Background papers: None.

Contact Officer: Sarah Cox sarah.cox@oxfordshire.gov.uk

APPENDIX 1 - 2021/22 INTERNAL AUDIT PLAN - PROGRESS REPORT

Audit	Planned Qtr Start	Status as at 1/9/21	Conclusion
Corporate / Cross Cutting			
Provision Cycle - Prepare, Tender and Implement.	Q3	Not started	
Provision Cycle - Manage & Review	Q3	Not started	
Childrens			
Children's Payments via ContrOCC / LCS recording	Q3/Q4	Not started	
Childrens Education System – Implementation of New Council IT System	Q1	Phase 1 – Final Letter Further phases – to complete during 21/22	Overall conclusion to be recorded at year end
Troubled Families Claim 1 Claim 2 Claim 3	Q1-Q4	Claim 1 – Completed Claim 2 – scheduled Claim 3 – not started	n/a
Family Solutions Plus	Q3/Q4	Not started	
SEND	Q3	Scoping	
Education Safeguarding	Q3	Scoping undertaken Q1 – deferred to Q3 at request of service	
Adults & Housing			
Direct Payments – Follow Up	Q4	Not started	
Payments to Providers	Q3/Q4	Not started	
Client Charging	Q1	Final Report	Amber
Money Management	Q3	Not started – fieldwork booked for December	
Supplier Business Continuity	Q2/Q3	Not started	

Customers, OD & Resources – HR			
Well-being / Sickness Management	Q1	Fieldwork	
IR35 (off-payroll rules)	Q1	Exit meeting	
Customers, OD & Resources – Finance			
Treasury Management	Q4	Not started	
Growth Board – Accountable Body Role	Q1/Q2	Fieldwork	
Pensions Administration	Q4	Not started	
Customers, OD & Resources – Finance / IT			
Payment Card Industry Data Security Standard (PCI-DSS)	Q1	Draft Report	
Customers, OD & Resources – IT			
Cyber Security	Q1	Final Report	Amber
IT Change Management	Q2	Fieldwork	
Software Asset Management	Q4	Not started	
Data Centre	Q3	Not started	
Customers, OD & Resources – Cultural Services			
Music Service Follow Up	Q3	Not started	
CDAI – Fire & Rescue & CODR – HR / Finance			
Gartan Payroll & HR Processes	Q1	Fieldwork	
CDAI			
GDPR	Q2	Draft Report	
Property / Facilities Management	Q3/Q4	Not started	
CDAI / Corporate / Cross Cutting			
Fleet Management – Compliance	Q1	Fieldwork	
Environment & Place / CODR – Finance			
Capital Programme - Major Infrastructure	Q3	Not started	
Capital Programme - Highways Asset Management	Q3	Not started	
Environment & Place			
Highways Contract Management	Q2/Q3	Scoping – service have requested audit for Q4	
S106 – Spend	Q1	Fieldwork	
Various / Corporate / Cross Cutting			

Combined Audit & Counter Fraud Reviews	Q1-Q4	-	
Covid-19 Funding / Payments	Q1-Q4	-	
Grants	Q1-Q4	Building Digital UK – certified end of June 21	

APPENDIX 2 - EXECUTIVE SUMMARIES OF COMPLETED AUDITS

Summary of Completed Audits 2021/22 since last reported to Audit & Governance Committee June 2021

2020/21 Audit

Order of St Johns Contract 2020/21

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Contract Governance	A	2	5
B: Risk Management	A	0	1
C: Contract Performance	A	0	11
D: Payments, Incentives & Penalties	A	1	1
		3	18

Opinion: Amber	
Total:	Priority 1 = 3 Priority 2 = 18
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	21

The Oxfordshire Care Partnership Contract covering the Council's residential care arrangements with 17 Order of St John's Residential Care Homes was originally agreed in 2001. Some elements of the contract are due to end in 2027 and some in 2032. During the audit it was acknowledged that the teams involved in contract management, quality and performance monitoring and in the brokerage of OSJ block bed placements have been through significant changes in terms of structure following on from the provision cycle review and in staffing, with the majority of staff involved in the management and monitoring of the contract historically, no longer working for the Council.

Since the contract commenced, it is understood that there have been some variations to the contract, although not all of these have been fully and formally documented. The previous Interim Deputy Director for Commissioning reported that

the directorate is at the start of a strategic review process which will review current contractual arrangements in conjunction with determining the Council's need for residential care provision going forward. The directorate are at the start of this process with work required on determining where there are contractual issues which require resolution and where there are opportunities to review the way in which the contract is operating.

With some elements of the contract due to end in 2027 and others due to end in 2032 there is now an opportunity to review the current arrangements and determine how this can work for the Council and the Oxfordshire Care Partnership going forward including addressing some of the long-standing issues noted below.

Following on from internal restructures and significant staffing changes across Contracts & Procurement, Commissioning, Quality & Improvement and Brokerage, it is noted that there are areas where recruitment and induction processes are ongoing and where teams are not yet operating in a Business-as-Usual state. This is acknowledged by senior management within these services, and action is being taken to ensure that key tasks are being picked up and assigned on a temporary basis where necessary.

Changes have been made to contract governance structures, with three different programme level meetings (strategic, executive and operational level) now established for monitoring and discussing of contractual issues with OSJ. The terms of reference for these groups are in the process of being agreed along with escalation and reporting arrangements.

Contract level risk management processes have been set out as part of the provision cycle restructure, and now require implementation within the relevant teams to ensure that contract specific risks and mitigations are identified and managed appropriately.

There is a need to determine appropriate performance reporting arrangements, both with OSJ as part of the revised contractual arrangements and also internally within Brokerage covering the block bed management process. Historically there have not been formally agreed KPIs and as part of the review of governance structures, the internal performance reporting by Brokerage which considered the timeliness of notification of vacancies and the efficiency of the vacancy to admission has been halted pending review and confirmation of requirements going forward. Clarity is required over what the Council requires from OSJ in terms of performance reporting and what is required internally to provide assurance over the performance of the contract.

From review of the block bed management process, sample testing identified instances where the Council had not been informed of a vacancy by the home in accordance with the timescales required by the contract. This is key in ensuring that the Council can fill the vacancy promptly and in being able to minimise void charges (which are payable from 7 days after the bed becomes vacant, not from when OCC are notified about the vacancy), but instances where we are being notified late are not consistently evidenced and there is no process for monitoring, review or escalation of performance in this area. Email notifications relating to vacancies are not being retained consistently outside of Outlook at present, which makes performance in this area difficult to monitor. Similarly, email exchanges from weekly and monthly checking / reconciliation processes where placement and vacancy

information is checked with OSJ homes are not retained outside of Outlook and so information on discrepancies is not captured, or followed through so that root causes can be established and resolved.

Whilst sample testing on the turnaround of the vacancy to admission process did not identify significant instances where turnaround would have been rated as Red under previous performance reporting arrangements, most cases took longer than a week to progress and there is one case where it hasn't yet been possible to confirm how the vacancy was filled. There were also a number of issues with the accuracy of recording of placements which could result in unnecessary delays in filling vacancies and increase the likelihood of double bookings. Both the use of the Care Booking System and the block bed spreadsheet used for managing the block bed process require review by Brokerage management in conjunction with Quality & Improvement colleagues to ensure that they are consistently capturing accurate information required in relation to the timely filling of block bed vacancies, and also to ensure that best use is being made of resources through the capture of performance information at source.

There has been a lack of management oversight in relation to the block bed management process and decision making since performance reporting in Brokerage was halted in early 2021. Decision making in relation to the prioritisation of cases for block beds is currently the responsibility of one individual.

The agreed charges for voids for 20/21 have recently been confirmed and settled with OSJ, with significant increases noted from charges paid for 19/20. Although there was some initial review of the reasons for the increasing level of charges earlier in the year, there hasn't yet been any further analysis to provide a clear understanding of the reasons for the increase. Testing has identified that sourcing of block bed placements was routinely delayed by around a week for much of the year to enable prioritisation of hospital discharges and urgent short stays, this is likely to have contributed to the increase in charges as has the closure of some homes due to COVID where block bed admissions have had to be delayed. Sample testing of the turnaround process noted void charges were payable for the majority of cases tested, despite some vacancies being filled within 7 business days. The strategic review of the contract provides an opportunity to review whether current contractual obligations and approach in relation to void payments are appropriate going forward.

The process for payment of void charges to OSJ is time and resource intensive. Due to the lack of availability of accurate and accessible information on voids, a manual reconciliation process has been required to reconcile and confirm void payments due. A task and finish group has now been set up, which includes OSJ representatives, to resolve these longstanding issues and agree an approach going forward which will enable OSJ to provide clear and accurate information which can be quickly and easily checked by OCC. This work will also confirm where responsibility for these checking processes will sit under the new structure, ensuring that there is a joined up approach across Quality & Improvement and Brokerage.

2021/22 Audits

Supporting Families 2021/22 – Claim 1

The current claim consists of 146 families for Significant & Sustained Progress (SSP). A further 8 families, that were reviewed by Internal Audit in March 2021 but were not submitted within that claim as the maximum number had been reached, were claimed for in April as agreed with MHCLG, bringing the total for the year so far to 154.

The audit of the previous claim (March 2021) identified no issues or management actions, owing to the previous improvements to the process for identifying duplicate claims and updates to the Think Family Outcome Plan. All previous actions from previous audits have been implemented.

The audit checked a sample of 10% of the total SSP claim (15 families) 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 the improvements in the internal processes for data checking and validation made following previous claims have remained effective. Testing for duplicates found no families that have previously been claimed for, and no issues were identified with the eligibility or sustained progress of the families sampled. Testing also confirmed the effective implementation of new processes to evidence sustained progress against the attendance criterion, given home schooling as a result of Covid-19.

Due to satisfactory responses having been received for all queries raised by Internal Audit, this claim can be signed off for submission.

As such, no audit findings or management actions are required as part of this report.

Cyber Security 2021/22

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
User Education and Awareness	A	1	1
Security Incident Management	A	0	4
Malware Protection	G	0	0
Vulnerability Assessments	R	1	4
Security Patching	G	0	1

Remote Access	G	0	1
		2	11

Opinion: Amber		
Total: 13	Priority 1 = 2	Priority 2 = 11
Current Status:		
Implemented	8	
Due not yet actioned	3	
Partially complete	0	
Not yet Due	2	

Cyber threats remain a key area of business risk to all organisations running digital systems and show no signs of reducing with the ever endless reports of successful network security breaches, data breaches and prevalent ransomware, phishing and other types of cyber attacks. All organisations must operate a strong and robust security control environment to protect their digital assets from these cyber threats. In this context, it is pleasing to see that OCC now have a dedicated IT and Cyber Security role, shared with Cherwell District Council, which has specific responsibility for cyber security and resilience across the two authorities.

There is a corporate IT Acceptable Use Policy (AUP) which covers areas of cyber security relevant to end users. The AUP states that all users should complete mandatory online training on acceptable use on an annual basis, however, this is not managed or monitored and hence there is a risk that users may not complete their training and be aware of their security responsibilities. The Cyber Security Officer would like to introduce new mandatory training on cyber security, which we support, although this will require a corporate review to see how it fits in with the existing training. Responsibilities for monitoring the completion of training, including sanctions for those who fail to complete it, should also be agreed. There is a process for alerting users to new cyber threats but it can be improved and there should also be regular communication of key cyber messages to all users to ensure they remain vigilant and aware of their responsibilities.

There is a documented Information Security Incident Policy that defines processes for reporting and managing security incidents. We found the policy missed its annual review in February 2020 and does not define any responsibilities for the IT and Cyber Security Officer, as the role was created after the last review of the policy. Security events and activities are logged on various platforms but there is no formal policy or process defining how they are managed, monitored and acted upon. This could lead to cyber incidents not being detected and responded to on a timely basis. There is also no cyber incident response plan to ensure a rapid and orderly response to a confirmed cyber attack.

A layered approach is adopted to protect against malware threats, which continue to be a major risk. Scanning for malware is undertaken at various levels, including the network boundary, Internet gateway, email service and desktop. Testing confirmed that malware scanning on these environments is adequately configured and maintained up to date.

IT Services have access to a vulnerability scanning tool that is used to perform monthly scans of the IT environment. Various teams use the tool for their own purpose but there is no overall ownership or defined responsibilities for reviewing the monthly scan reports and addressing the vulnerabilities. A review of the last monthly scan revealed a large number of high risks relating to system misconfigurations, outdated software and unsupported software. On a positive note, we found that IT Services reacted quickly to the recent well publicised vulnerabilities relating to SolarWinds and Microsoft Exchange. A cyber security roadmap is being developed and we have suggested that it be linked to the “10 steps to cyber security,” which is endorsed by the National Cyber Security Centre and defines how organisations can protect themselves in cyberspace. A phishing test has not recently been undertaken to assess the level of risk exposure to phishing attacks.

All clients are patched on a monthly basis and servers are patched quarterly, with certain servers such as domain controllers being patched more frequently. Checks are performed in both cases to ensure all deployed patches have been successfully applied and thus the risk around patching vulnerabilities is being managed.

Remote access to the corporate network is subject to multi-factor authentication, where the user and computer are both authenticated. On Office 365, multi-factor authentication is also used and involves users having to enter a PIN in addition to their network credentials. We have identified a risk in relation to the VPN (Virtual Private Network) used for remote access to the network as it supports old protocols that have known security vulnerabilities. These protocols may no longer need to be supported as the VPN servers have recently been upgraded.

Children’s Education System Implementation Review – Stage 1 Data Migration

Overall conclusion on the system of internal control being maintained	G
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No priority 1 or 2 management actions arising at this stage of the review.

Introduction

The audit is being undertaken in a number of stages throughout the year. Internal Audit will cover both assurance over the design of operational processes and controls for the new system and also key IT system processes and controls. Management letters will be produced to report on our findings from each stage of our review.

Scope of work

It has been agreed within the terms of reference that Internal Audit would carry out a number of stage audits on the Children’s Education System implementation project during 2021/22. This reports on the first stage review, which looked at Data Migration.

Overall Conclusion

Our overall conclusion is Green. This is based on the scope of the work undertaken relating to the consideration of the implementation of key system controls in relation to data migration.

There is a documented Data Migration Strategy that has been approved by the ICT Technical Design Authority and the Project Board. Our review of the strategy found that it did not include all the areas we would expect to find as a number are covered in other documents. This was discussed with the Project Manager who has now consolidated all key information into the strategy for ease of reference. The Data Migration Strategy has also been updated with other information from the LCS data migration and will be taken to the Project Board for re-approval.

A data migration team has been onboarded who have specific skills and experience with the new system. The number of data migration cycles has been agreed and the timescales for each are included in a Data Migration Plan, along with the resources required. It was confirmed that the data migration mapping specification for “DM1” has been signed-off by the subject matter expert.

Validation rules and scripts are used for confirming the quality of data being migrated and there are procedures to ensure any issues are logged and remediated. Reconciliations will be performed to confirm that all data has been successfully loaded into the new system.

There has been a slight delay to the start of User Acceptance Testing (UAT) for DM1). There are also some capacity issues because of the summer holiday period and a tight window for UAT testing because of the cut off for “DM2”. This is identified as a risk on the RAID log. Formal test scripts are being developed for UAT which will include scenario based testing.

Client Charging 2021/21

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Policies & Procedures	G	0	1
B: Financial Assessments & Client Charging	A	0	4
C: ASC Debt Recovery	G*	0	0
D: Budget Monitoring	G	0	0
E: Performance Information	A	0	0
		0	5

** This is based on the scope of our sample testing. There is a known issue in relation to the process for full cost categorisation, however this had been identified prior to the audit and is in the process of being addressed by management.*

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

The audit noted considerable improvements made towards the accuracy and timeliness of assessing and charging service users and the management of ASC debt, with sample testing identifying no material errors or control weaknesses. Some areas for improvement are noted below, along with the full implementation of outstanding actions from the previous audit.

A review of policies, procedures, and guidance available to both the Financial Assessment Team and the public confirmed that overall, guidance is clear and accessible, and responsibilities are clearly defined and understood. It was noted the team's training notes have not been updated following the creation of the Payments and Systems Data Team in November 2020. Resulting changes to roles, responsibilities, and processes for different areas of the client charging process are therefore not reflected in current guidance.

Residential and Non-Residential Financial Assessments were generally found to be completed and recorded accurately, with appropriate documentation to support the assessed contribution and evidence to show the service users had been informed of the outcome of their assessments. Sample testing did identify two exceptions when reviewing closed down accounts, whereby care packages ended on the wrong date had resulted in overcharges.

Review of pre-billing run checks found the required 10% sample checks on new Residential and Non-Residential financial assessments, and on credit invoices below £1,000, are not being carried out consistently. For new assessments, team records showed 20 assessments had been sample checked throughout 2020 (which is less than the 10% sample check target), with none having taken place in 2021. The required checks for credit invoices below £1,000, which should also provide assurance over the accuracy of low value Assessment Reductions (which are not subject to the same internal review and sign off as those £1,000+), had taken place in two out of the six months reviewed for Residential, and in none of the six months reviewed for Non-Residential.

Inconsistencies in the charging of Non-Residential Arrangement and Management Fees were noted during the audit. This was identified in both the 2018/19 and 2019/20 Client Charging audits, with management actions agreed to confirm the responsibility for identifying and charging the fees, and the introduction of management reporting to provide assurance the fees were being charged appropriately, consistently and in line with the Council's Contributions Policy. While both actions have been reported as implemented, sample testing of six new Non-

Residential Service Users identified two instances in which the fees had not been charged and it was found that management reporting in this area is not being produced.

Debt Recovery processes were found to be carried out promptly and appropriately, with effective processes in place to identify, assign, and arrange recovery of debts, including the set up and monitoring of instalment plans, and the processing and approval of write offs and refunds.

Performance Information in relation to the Financial Assessment and Income Teams was found to provide effective oversight of each team's monthly activity and is being shared appropriately across the service. It was the noted Management Action agreed under the 2019/20 Audit, requiring a review of all performance reporting in relation to Client Charging and Payments to Providers is not yet implemented, however it was reported the performance framework is in the process of being developed, with the intention of there being one Performance Board across the Social Care Finance Functions.

The 2019/20 audit of Client Charging and Payments to Providers contained 21 Management Actions, ten of which relate directly to Client Charging, and a further three covering both charging and payments. The remaining eight relate to Payments to Providers and will be covered under the 2020/21 Payments to Providers Audit.

Of the 13 management actions followed up on as part of the audit, five have been confirmed as fully and effectively implemented.

Four actions remain open; one is not yet due for implementation, and the audit has confirmed sufficient progress is being made towards implementation of the other three, which relate to Performance Information, ASC Staff e-learning, and Financial Safeguarding Training. Internal Audit will continue to monitor and report on progress in implementing these actions through routine follow up reporting processes.

Four actions were found not to have been implemented effectively in relation to charging of arrangement and management fees, and management of mismatched visits. As noted above, audit testing found that fees are not being charged consistently and management information in this area is not being produced. In relation to mismatched visits, the audit found the processes previously reported as implemented are not happening in practice. This was acknowledged by the service who reported that a work around is in place pending development and agreement of a permanent solution. This will be covered further under the 2020/21 Payments to Providers Audit.

Division(s): All

AUDIT & GOVERNANCE COMMITTEE – 15 SEPTEMBER 2021

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 Director of Law and Governance and Monitoring Officer

RECOMMENDATION

- 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 when revising the Policy.**

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 information gathering 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 2020 and March 2021 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.
3. In September 2020, the council was the subject of a telephone inspection by the Investigatory Powers Commissioner's Office. This report summarises the feedback received by the council from that inspection.

Introduction

4. The Act regulates the use of covert investigatory 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 seeks to obtain information by the use of informants or officers acting in an undercover capacity.

5. Under the Act local authorities may only carry out covert surveillance where it is necessary for the prevention or detection of crime. In addition, local authorities can only authorise surveillance activities within the framework created by the Act 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 (the ‘seriousness’ threshold). Covert surveillance for other matters, such as for the investigation of minor criminal offences not meeting the ‘seriousness’ threshold cannot be authorised under the Act.
6. 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 2020 to August 2021. The Authority’s Policy for Compliance with the Regulation of Investigatory Powers Act 2000 is attached in annex 1 for consideration.
7. As part of the legislative regime, the Investigatory Powers Commissioner’s Office (IPCO) carry out inspections from time to time to examine an authority’s policies, procedures, operations and administration. Our last full inspection was in May 2017. A partial, telephone based inspection was carried out in September 2020 since the IPCO did not carry out physical inspection during the pandemic.

Use of the Act by Oxfordshire County Council

8. Within the council covert surveillance is mainly carried out by the Trading Standards Service as part of investigations into suspected contraventions of consumer protection legislation. The COVID-19 pandemic impacted on the investigatory activities undertaken by that service due to need to redirect resources to support the response to the pandemic and as a result of limitations on activities that could be carried out safely. Between April 2020 and March 2021 the Council authorised covert surveillance on 3 occasions. For comparison, authorisation for surveillance activities within the scope of the Act were granted on 7 occasions between April 2019 and March 2019.
9. Of the authorisations for surveillance granted in the last year 2 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.
10. 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. Covert test purchases are undertaken only where there are grounds to suspect the person or business concerned is involved in the supply of illegal tobacco products.

11. 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.
12. In the last 4 years the Trading Standards Service has achieved the following outcomes as a result of its investigations of illegal tobacco supply in the county- Seized:
 - 94,480 illegal cigarettes
 - 16,750 grams of illegal hand-rolling tobacco
 - 115,220 grams of illegal shisha tobacco.Brought 16 successful prosecutions (with further matters pending), resulting in:
 - custodial sentences totalling 66 months (26 months of which was suspended)
 - over £21,000 in prosecution costs awarded
 - £95,000 in confiscation orders under the Proceeds of Crime Act.
13. Between April 2020 and March 2021 two authorisations were granted under the Act for illegal tobacco sale investigations but both these authorisations related to the same investigation. The first authorisation related to surveillance on the premises suspected of being involved in the supply of illegal tobacco and the second related to a test purchase of products supplied by that business. The test purchase did not proceed due to legal restrictions on business activity introduced as part of the pandemic response.
14. The other authorisation under the Act provided between April 2020 and March 2021 related to the legal controls on the sale of alcohol. Trading Standards advises businesses on procedures to limit the sale of age restricted products such as knives, alcohol and tobacco to persons under the legal minimum age of purchase. Trading Standards also carries out test purchases in order to ascertain whether a person under 18 years of age could obtain these products from shops in Oxfordshire. Prior to any test purchase the business concerned will receive advice from trading standards. The test purchase involves covert observations in business premises and therefore requires authorisation under the Act.
15. A test purchase operation was planned for 2020/21 but was cancelled after a rise in COVID-19 infections in the county. The authorisation under RIPA was subsequently cancelled without any surveillance taking place.

RIPA Policy

16. The Council's RIPA Policy is included in Annex 1 of this report. This policy was updated in 2020 to apply to both the county council and Cherwell District Council. It will shortly be reviewed and further revised to improve its clarity and provide more guidance to council staff.
17. 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 in the forthcoming review of the Policy.

Magistrate's Oversight

18. 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 2020 and March 2021 were approved.

Investigatory Powers Commissioner's Office Inspection

19. In September 2020 an inspector from the IPCO carried out a telephone inspection of the council. This inspection involved a review of documentary material (applications, policy, procedures and guidance) and an interview with the Chief Executive. A letter received earlier in the year from the IPCO advised local authorities of the IPCO's intention to place more emphasis on information management in their inspections, in particular the secure storage and disposal of information obtained during surveillance activities. The IPCO inspector's report noted that the council was a limited user of its surveillance powers. In addition, the inspector-
 - Provided feedback to consider in the next review of the RIPA Policy.
 - Suggested limiting the number of authorising officers across the two councils and that the role of RIPA coordinator (currently carried out by the Assistant Director of Regulatory Services and Community Safety) may be better fulfilled by someone who has less involvement in authorising applications.
 - Suggested providing refresher training to authorising officers after reviewing the authorising officers structure.
 - Provided clear guidance on the management of the product of surveillance within the new RIPA policy.These recommendations will be taken into consideration when revising the RIPA policy.

Conclusion

20. Use of activities that fail within the scope of the Act remains infrequent by this Council. However, trading standards operational activity requires the use of

surveillance periodically. The outcomes of the surveillance and subsequent investigations into illegal activities show that the continued use of covert surveillance is necessary for the effective discharge of the council's statutory responsibilities and the delivery of operation plans to achieve priorities.

ANITA BRADLEY

Director of Law and Governance and Monitoring Officer.

Contact officer: Richard Webb. Tel: 01865 815791

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OXFORDSHIRE COUNTY COUNCIL AND CHERWELL DISTRICT COUNCIL
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 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 Councils' 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 as set out in appendix 1 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 in both Oxfordshire County Council and Cherwell District Council. Trading Standards who have their own specific internal Service procedures for dealing with authorisations and are exempt from the provisions of this policy concerning prior authorisation. Copies of all authorisations including those for Trading Standards will be forwarded to the Assistant Director Regulatory Services and Community Safety for retention in a central register.

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.

Assistant/Deputy Director/Head of Service – this also includes those authorised to act on behalf of the Assistant/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 Corporate Director, Commercial Development Assets and Investment before the activity can take place.

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.

- 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 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 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. Information Security and Retention

- 6.1 It is essential that all information gathered through covert surveillance activities is stored securely, with access strictly restricted to those who require access, and disposed of securely when no longer required for the purpose for which the surveillance was undertaken. The arrangements for storing and disposing of the material gathered through the surveillance should be set out in the application.
- 6.2 The Assistant Director/Head of Service for the service area undertaking surveillance retains responsibility for secure storage and disposal of material gathered through surveillance activities. Care should be taken to limit the number of copies of the material, including when providing access to the material to other parties who require it (e.g. legal advisors) and to ensure all copies are disposed of in accordance with retention policies.

7. Confidential Material

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

8. Implementation Procedure

- 8.1 Assistant/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 <https://www.gov.uk/government/collections/ripa-codes>) in relation to covert surveillance and covert human intelligence sources for their service.
- 8.2 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

- 8.3 All requests for authorisation must be forwarded to the Corporate Director, Commercial Development Assets and Investment and Assistant Director of Regulatory Services and Community Safety (who will maintain a central record for inspection). The Corporate Director, Commercial Development Assets and Investment will monitor the central register periodically and produce an annual report to CEDR and Audit & Governance Committee. Renewal of authorisations will be for 3 months and cancellation² of authorisations should be requested as soon as possible i.e. as soon as the surveillance is no longer considered necessary.
- 8.4 After internal authorisation of an application, Judicial approval is required before the operation can commence. The applicant should liaise with the councils' Legal Service for advice and assistance in making this application for Judicial approval (other than Trading Standards applications which are managed within the service). Judicial approval is required for the renewal of an authorisation but it is not required for any internal review or cancellation.
- 8.5 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 Corporate Director, Commercial Development Assets and Investment will approve all proposed Authorising Officers for inclusion in a central register. The annual report to CEDR and Audit & Governance Committee will also include a review of the appropriate designated Authorising Officers.
- 8.6 All Managers have responsibility for ensuring that they have sufficient understanding to recognise when an investigation or operation falls within the

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

requirements of RIPA. Authorising Officers will keep up to date with developments in the law and best practice relating to RIPA.

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

8.8 Authorising Officers and Assistant/Deputy Directors/Heads of Service will co-operate fully with any inspection arranged by the Investigatory Powers Commissioner's Office.

8.9 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 (Corporate Director, Commercial Development Assets and Investment /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.

9. Communications Data

9.1 The Investigatory Powers Act 2016 (IPA) sets out the requirements for access to communications data and information. 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.

9.2 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 Assistant/Deputy Director/Head of Service. If the Assistant Director, Regulatory Services and Community Safety agrees the request is within the scope of the IPA he will make arrangements for the request to be processed via the SPOC.

9.3 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.

10. Briefings

10.1 The Corporate Director, Commercial Development Assets and Investment will provide updates on the RIPA legislation and best practice but Assistant/Deputy Directors/Heads of Service and other Managers must be able to recognise potential RIPA situations.

11. Conclusion

11.1 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.

12. Review of Authorisations and Policy

12.1 The Councils’ “Audit and Governance Committee” will review:

- all authorised RIPA applications on a regular basis; and
- an annual report from the Corporate Director, Commercial Development Assets and Investment 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: Corporate Director, Commercial Development Assets and Investment and Monitoring Officer

RIPA Coordinator: Assistant Director, Regulatory Services and Community Safety

Date: August 2020

Next Review Date: August 2021

Appendix 1 – Authorising Officers and Named Substitutes

Authorising Officer – Steve Jorden, Corporate Director, Commercial Development Assets and Investment and Interim Monitoring Officer
(Named substitute - Glenn Watson, Principal Governance Officer)

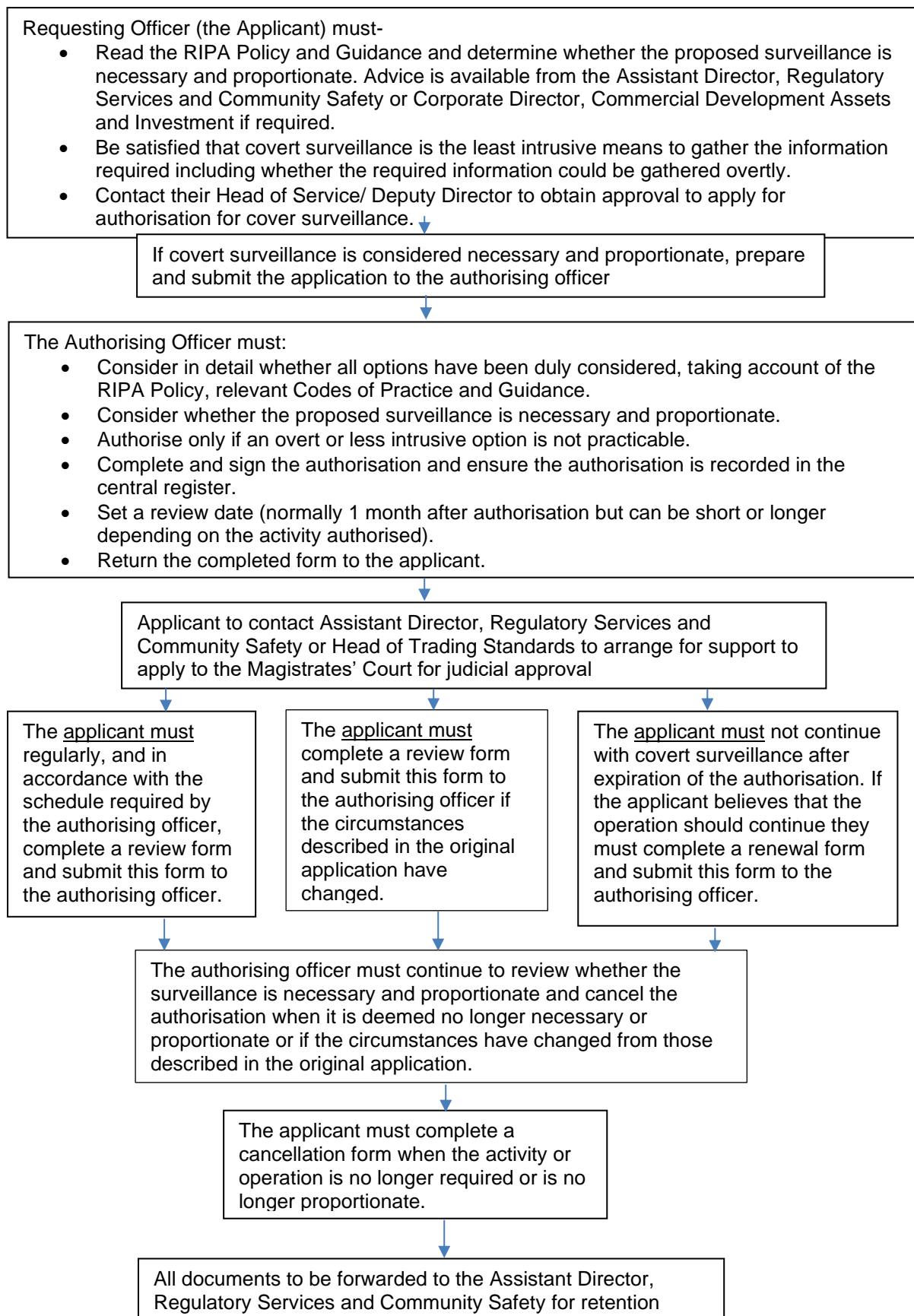
Authorising Officer – Richard Webb, Assistant Director, Regulatory Services and Community Safety
(Named substitute - Jody Kerman, Head of Trading Standards)

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



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AUDIT & GOVERNANCE COMMITTEE

15 SEPTEMBER 2021

LOCAL GOVERNMENT OMBUDSMAN – ANNUAL REVIEW REPORT

Report by Anita Bradley, Monitoring Officer

RECOMMENDATION

1. The Committee is **RECOMMENDED** to comment on the Local Government and Social Care Ombudsman's Annual Review of Oxfordshire County Council for 2020/21, and the work undertaken by the Council since with regard to its handling of complaints.

Executive Summary

2. Each year, the Local Government and Social Care Ombudsman (LGSCO) issues an Annual Review Report about each council. This relates to the complaints made to the LGSCO about the Council in the previous financial year. So this report updates the Committee on this area of governance for the year 2020/21, reflecting on those complaints that were considered by the Ombudsman up to 31 March 2021.
3. In short, a lower number of complaints about the Council were upheld by the Ombudsman in 2020/21 than in 2019/20 (7 as opposed to 16). This is in the context of a lower number of complaints that were referred to the LGSCO about the Council. This change is also to be expected due to the pause by the LGSCO in accepting new complaints for a period in 2020/21 as a result of the Covid-19 pandemic. This may mean that some cases technically received by the Ombudsman during 2020/21 are only progressed or made known to the Council during 2021/22.
4. The Council's rate of cases upheld following investigation by the Ombudsman, is 44% compared to a national average of 71% which is good. It is positive that in times when all Councils were experiencing the same challenges, this Council had a significantly lower number of upheld cases than the national picture.
5. Overall, for 2020/21 Oxfordshire County Council:
 - attracted the **fifth lowest** number of complaints received by the LGSCO about county councils
 - is the best performing County Council in relation to similar authorities in terms of the percentage of **upheld** cases

Purpose of the Ombudsman's Annual Letter

6. Under the Local Government Act 1974, the LGSCO has two main statutory functions:
- To investigate complaints against councils (and some other authorities)
 - To provide advice and guidance on good administrative practice
7. The LGSCO 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)
8. The purpose of the Annual Letter is to reflect to councils the number and nature of the LGSCO's dealings with complaints about that authority. The Annual Letter is at **Annex 1**.

Summary of Complaints and enquiries received by the LGSCO

9. The Ombudsman records the subjects of new county council complaints **received** in 2020/21 as follows

By LGSCO category	Number of complaints received by the LGSCO
Adult social care	7 complaints
Education and children's services	21
Highways and transport	6
Environment services	1
Planning and development	1
Corporate and other services	1

10. For county councils, education and children's services generally attract a higher number of complaints nationally, with the LGSCO upholding almost three quarters of the complaints that it investigated in this area nationally but positively, the compliance with recommendations nationally remains at 99.5%, demonstrating a commitment within local authorities nationally to putting things right.

Decisions made by the Ombudsman

11. During the reporting period, the LGSCO made **40 decisions** concerning the Council (19 fewer than the previous year 2019/20). Of these:

Closed by LGSCO, not pursued	6	15%
Referred to the Council for resolution	16	40%

Incomplete or invalid complaints	1	2.5%
Offered advice by LGSCO as previously considered	1	2.5%
<i>Investigated</i>	16	40%

12. This means that ***Investigations*** were carried out on 16 complaints, 5 fewer than in 2019/20. The LGSCO's report indicates that:

Not upheld	9	56%
Upheld	7	44%

13. This uphold rate is 32% lower than the previous year. The cases upheld are summarised below in **Annex 2** with an indication of the outcomes in each case.

General comment by the Ombudsman

14. The LGSCO also commented in general terms to all councils that their investigations regularly highlight local complaint systems that are failing to respond properly to those that raise concerns. The LGSCO is *“concerned about the general erosion to the visibility, capacity, and status of complaint functions within councils”* and whilst they are not underestimating the challenges that local authorities face and the difficulties of the last 15 months, they say that *“these concerns are not new and cannot be wholly attributed to the trials of the pandemic”*.
15. In the case of Oxfordshire County Council, however, the Council clearly publishes its complaints processes and signposts the rights of appeal to the next stages in each response, including the right of reference to the Ombudsman.
16. The Council has taken the decision, implemented in July 2021, to bring the Council's complaints arrangements within its Voice of the Customer service, to build on our intention to improve the customer journey, including complaints resolutions and learning from complaints. The Voice of the Customer team is part of the Corporate Customer Experience function which has responsibility for being the preferred single gateway for our customers to access Council services. The plans for this also include training in terms of investigations and the championing of best practice.

The Ombudsman cases in context - complaints received by the Council

17. The Council received **455** complaints during 2020/21. These are broken down as follows, set against the numbers for recent years.

Type	2020/21	2019/20	2018/19
Corporate Complaints (i.e. non-social care)	197	273	380
Adults Social Care Complaints	108	119	165
Children's Social Care Complaints	150	140	135
	455	532	680

Summary of upheld cases

18. The LGSCO upheld 7 cases - 4 in relation to Education and Children's and 3 Adult Social Care (although of the latter, one of these was in relation to a Blue Badge matter which the LGSCO records as an Adult Social Care service). It's important to note that in none of these cases did the LGSCO consider that the Council's own internal process remedied the complaint. This means that our complaints handling needs to be more attuned to remedying complaints. This is being factored into the improvements, learning and best practice in which is being developed through the Voice of the Customer project. Ultimately, for 2020/21, the Ombudsman recommended a remedy and in each was satisfied that the Council carried these out.
19. The **upheld complaints** are listed in **Annex 2**. Where a financial remedy was recommended by the Ombudsman, this was in accordance with its own published guidance on the circumstances in which a financial remedy may be appropriate (e.g. for time and trouble, delay or distress).

Conclusion

20. The Council's complaints arrangements in 2020/21 were effective in signposting persons to the next internal stages and to the LGSCO. However, it is clear that there is still room for improvement in terms of how the Council remedies complaints as part of its own investigations and learning. As mentioned, training in positive complaints handling and the championing of best practice are key elements of the Council's plans in the development of the Voice of the Customer approach.
21. In recent years, among county councils, Oxfordshire has been among the lowest for complaints upheld by the Ombudsman. In 2020/21, this has not changed. Oxfordshire County Council attracted the fifth lowest number of complaints received by the LGSCO about county councils; and was similarly the best performing County Council in relation the lowest percentage of upheld cases among similar sized authorities. Our aspiration is still to ensure that people are satisfied with the Council's own investigations and that where the Ombudsman does become involved, there is no finding that the Council could not have found for itself.
22. Accordingly, the outcomes of the Ombudsman's report indicate that the Council could achieve improvements to its own approach to complaints. For instance through:

- a. Improvement in considering suitable remedies for complaints;
- b. greater visibility for the Council's senior management team on issues, outcomes and learning;
- c. refreshed training on best practice complaints-handling for staff and managers investigating complaints;
- d. rigorous intervention, as appropriate, from the Monitoring Officer's staff and senior managers during the life of a complaint and during any Ombudsman investigation.

Legal, financial and staffing implications

23. There are no legal, financial or staffing implications arising from this report.

ANITA BRADLEY

Monitoring Officer

Contact Officer: Glenn Watson
07776 997946

September 2021

Annex 2 – Cases Upheld by the Local Government and Social Care Ombudsman

	Nature of decision	Remedy required by the LGSCO and fulfilled
1	<p><u>Summary:</u></p> <p>19004582 (Adult Social Care)</p> <p>The Council failed to carry out timely reviews of Mrs X's husband's support plan. As a result of this, the Council did not identify sooner that Mrs X was not taking the respite which it had identified she needed.</p>	<p>Financial redress of £500: Avoidable distress/time and trouble, Procedure or policy change/review</p> <p>Service improvement: The Council has agreed to provide the LGSCO with a copy of an action plan it has put in place which aims to ensure all people in receipt of long-term support are offered an annual review.</p>
2	<p><u>Summary:</u></p> <p>19006856 (Children's Social Care)</p> <p>Ms X complained about the Council's handling of a safeguarding referral and its delay in responding to her complaint. She says this caused her anxiety and stress. The Council was at fault for not telling her the outcome of its investigation and for a delay in responding to her complaint.</p>	<p>Apology and further detailed information and advice was given.</p>
3	<p><u>Summary:</u></p> <p>19010444 (Children's Social Care)</p> <p>Mr X complains about the Council's handling of his complaints following child protection enquiries about his child. There was delay in the Council's response to Mr X's stage three complaint and completion of resulting recommendations. The Council has agreed to apologise and make a payment to Mr X for avoidable uncertainty and distress caused by its handling and the delay. While the Council appears to have completed the recommendations made</p>	<p>Apology. Financial redress of £400: Avoidable distress/time and trouble</p>

	Nature of decision	Remedy required by the LGSCO and fulfilled
	during the complaints process, it was never able to achieve the outcomes Mr X was seeking.	
4	<p><u>Summary:</u></p> <p>19012746 (Children's Social Care)</p> <p>The complainant says the Council failed to provide alternative education for her son while he was out of school. The Council says the school provided suitable education but following a failure by the school to set work the Council arranged for tutors before identifying a place at a school preferred by the complainant. The Council apologised for the delay in providing tutors. The Ombudsman finds the Council acted without fault in following the procedure for issuing an Education Health and Care (EHC) Plan. However, the Ombudsman finds the Council at fault for failing to follow up the lack of provision by the school earlier and delay in appointing tutors.</p>	<p>Apology. Financial redress of £300: Avoidable distress/time and trouble, Provide training and/or guidance.</p> <p>Service improvement: The Council has also agreed to share with its officers this final decision</p>
5	<p><u>Summary:</u></p> <p>19012782 (Adult Social Care)</p> <p>Mrs X complained the Council-commissioned care home failed to provide her late mother, Mrs Y, with suitable care. She says the poor care caused her mother to have a fall which resulted in a hospital admission. She also said the care home's record keeping was inadequate. The care home, acting on behalf of the Council, is at fault. There is no evidence poor care caused Mrs Y's fall, but there is evidence of poor record keeping and poor communication. This caused Mrs X uncertainty over what happened and whether Mrs Y was receiving appropriate care.</p>	<p>Apology given.</p>

	Nature of decision	Remedy required by the LGSCO and fulfilled
6	<p><u>Summary:</u></p> <p>19013820 (Blue badge but recorded under Adult Social Care)</p> <p>Mrs X complains that the Council did not properly consider her application for a blue badge. This meant she put significant time and trouble both into pursuing an application which was wasted, and her complaint about this. The Ombudsman finds the Council at fault in the way it considered her application.</p>	<p>Apology given. Financial redress of £250: for voidable distress and the time and trouble involved. The Council's procedure/policy was reviewed.</p> <p>Service improvement: The Council has agreed to ensure it considers all Blue Badge applications in line with the guidance, with detailed recording of this, and of its decisions</p>
7	<p><u>Summary:</u></p> <p>20002153 (Children's Social Care)</p> <p>Mr X complained the Council took too long to issue his daughter's, Y's, Education Health and Care plans and failed to arrange alternative education for her after she could not attend school because of health problems. We find the Council was at fault causing Y to miss 25 weeks of education and causing voidable distress for Mr X and his family.</p>	<p>Financial redress of £250: for avoidable distress/time and trouble. Provide information/advice. Provide training and/or guidance. Procedure or policy change/review.</p> <p>Service improvement: The Council will remind relevant staff that unofficial exclusions are unlawful, and provide guidance on actions to take if they become aware a school has unofficially excluded a pupil. The Council will review how it identifies children to whom it may have duties under Section 19 of the Education Act., especially where children are 'otherwise' not accessing education, and ensure relevant staff are trained on the actions to take if they become aware a child is not accessing education. The Council will review its policy on children unable to attend school due to medical needs, particularly around the standard of evidence required, to ensure the policy has full regard to current guidance and legislation.</p> <p>NOTE: whilst the LGSCO did not consider the Council remedied the complaint, and did pay Mr X £1,900 to reimburse him for</p>

	Nature of decision	Remedy required by the LGSCO and fulfilled
		<p>the autism support service fees he has paid, the investigator would not have suggested such a payment as employing this support service was a choice he made as a parent. However, the investigator would have made a recommendation for Y's missed education which would have been for a similar amount. Because the Council has already paid £1,900, the investigator did not recommend a further payment for the lost education. This positive outcome recognises the importance of considering a remedy as part of the council's own complaints processes.</p>

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Reference	Authority	Category	Received
20005205	Oxfordshire County Council	Adult Care Services	23 Sep 2020
20000223	Oxfordshire County Council	Adult Care Services	28 May 2020
20001296	Oxfordshire County Council	Highways & Transport	29 Jul 2020
20001898	Oxfordshire County Council	Adult Care Services	17 Jul 2020
20002055	Oxfordshire County Council	Education & Childrens Services	21 Jul 2020
20002153	Oxfordshire County Council	Education & Childrens Services	22 Jul 2020
20002764	Oxfordshire County Council	Adult Care Services	06 Aug 2020
20003166	Oxfordshire County Council	Education & Childrens Services	11 Aug 2020
20003438	Oxfordshire County Council	Planning & Development	07 Oct 2020
20003451	Oxfordshire County Council	Education & Childrens Services	27 Aug 2020
20003502	Oxfordshire County Council	Education & Childrens Services	17 Aug 2020
20004629	Oxfordshire County Council	Highways & Transport	08 Sep 2020
20005024	Oxfordshire County Council	Education & Childrens Services	17 Sep 2020
20005770	Oxfordshire County Council	Education & Childrens Services	01 Oct 2020
20007890	Oxfordshire County Council	Adult Care Services	12 Nov 2020
20008499	Oxfordshire County Council	Adult Care Services	24 Nov 2020
20008770	Oxfordshire County Council	Education & Childrens Services	14 Dec 2020
20009742	Oxfordshire County Council	Environmental Services & Public Protection & Regulation	22 Dec 2020
20009911	Oxfordshire County Council	Highways & Transport	04 Jan 2021
20010897	Oxfordshire County Council	Education & Childrens Services	19 Jan 2021
20011424	Oxfordshire County Council	Education & Childrens Services	29 Jan 2021
20012064	Oxfordshire County Council	Education & Childrens Services	10 Feb 2021
20012151	Oxfordshire County Council	Education & Childrens Services	12 Feb 2021
20012512	Oxfordshire County Council	Education & Childrens Services	19 Feb 2021
20012998	Oxfordshire County Council	Education & Childrens Services	02 Mar 2021
20013394	Oxfordshire County Council	Education & Childrens Services	11 Mar 2021
20014366	Oxfordshire County Council	Highways & Transport	29 Mar 2021
20004066	Oxfordshire County Council	Adult Care Services	25 Aug 2020
20005855	Oxfordshire County Council	Highways & Transport	10 Dec 2020
20006220	Oxfordshire County Council	Education & Childrens Services	09 Oct 2020
20007694	Oxfordshire County Council	Education & Childrens Services	10 Nov 2020
20007719	Oxfordshire County Council	Education & Childrens Services	10 Nov 2020

20009409	Oxfordshire County Council	Education & Childrens Services	15 Dec 2020
20011555	Oxfordshire County Council	Education & Childrens Services	19 Feb 2021
20013514	Oxfordshire County Council	Highways & Transport	11 Mar 2021
20014056	Oxfordshire County Council	Corporate & Other Services	24 Mar 2021
20014250	Oxfordshire County Council	Education & Childrens Services	29 Mar 2021

Reference	Authority	Category	Decided	Decision	Decision Reason	Remedy	Service Improvement recommendations
19004582	Ofordshire County Council	Adult Care Services	24 Jul 2020	Upheld	mal & inq	Financial redress: Avoidable distress/time and trouble.Procedure or policy change/review	The Council has agreed to provide us with a copy of an action plan it has put in place which aims to ensure all people in receipt of services are given an effective and useful review.
20005205	Ofordshire County Council	Adult Care Services	29 Oct 2020	Referred back for local resolution	Premature Decision - referred to BinJ		
19006856	Ofordshire County Council	Education & Childrens Services	24 Sep 2020	Upheld	mal & inq	Apology/Provide information/advice	
19006879	Ofordshire County Council	Adult Care Services	07 Aug 2020	Not Upheld	no mal		
19010444	Ofordshire County Council	Education & Childrens Services	24 Nov 2020	Upheld	mal & inq	Apology/Financial redress: Avoidable distress/time and trouble	
19012746	Ofordshire County Council	Education & Childrens Services	19 Aug 2020	Upheld	mal & inq	Apology/Financial redress: Avoidable distress/time and trouble.Provide training and/or guidance	The Council has also agreed to share with its officers this final decision.
19012782	Ofordshire County Council	Adult Care Services	06 Oct 2020	Upheld	mal & inq	Apology	
19013820	Ofordshire County Council	Adult Care Services	12 Oct 2020	Upheld	mal & inq	Apology/Financial redress: Avoidable distress/time and trouble.Procedure or policy change/review	The Council has also agreed to ensure it considers all Blue Badge applications in line with the guidance, with detailed recording of this, and of its decisions.
19014028	Ofordshire County Council	Environmental Services & Public Protection & Regulation	21 Aug 2020	Not Upheld	no mal		
19015128	Ofordshire County Council	Highways & Transport	11 Sep 2020	Not Upheld	no mal		
19017100	Ofordshire County Council	Adult Care Services	17 Feb 2021	Not Upheld	no mal		
19018662	Ofordshire County Council	Planning & Development	07 Jul 2020	Not Upheld	no mal		
19018745	Ofordshire County Council	Adult Care Services	10 Mar 2021	Not Upheld	no mal		
19021208	Ofordshire County Council	Adult Care Services	18 Dec 2020	Not Upheld	no mal		
20000223	Ofordshire County Council	Adult Care Services	28 May 2020	Incomplete/invalid	Insufficient information to proceed and PA advised		
20001296	Ofordshire County Council	Highways & Transport	07 Aug 2020	Closed after initial enquiries	26(6)(b) Court remedy		
20001885	Ofordshire County Council	Adult Care Services	18 Nov 2020	Not Upheld	no mal		
20002055	Ofordshire County Council	Education & Childrens Services	07 Sep 2020	Closed after initial enquiries	Other Agency better placed		
20002153	Ofordshire County Council	Education & Childrens Services	29 Jan 2021	Upheld	mal & inq	Financial redress: Avoidable distress/time and trouble.Provide information/advice.Provide training and/or guidance.Procedure or policy change/review	The Council will remind relevant staff that unofficial exclusions are unlawful, and provide guidance on actions to take if they become aware a school has unofficially excluded a pupil. The Council will review how it identifies children to whom it may have duties under Section 19 of the Education Act, especially where children are 'otherwise' not accessing education, and ensure
20002764	Ofordshire County Council	Adult Care Services	24 Nov 2020	Not Upheld	no mal		
20003166	Ofordshire County Council	Education & Childrens Services	11 Aug 2020	Advice given	Signpost - go to complaint handling		
20003439	Ofordshire County Council	Planning & Development	01 Dec 2020	Closed after initial enquiries	26(6)(b) appeal to Minister		
20003451	Ofordshire County Council	Education & Childrens Services	09 Oct 2020	Referred back for local resolution	Premature Decision - referred to BinJ		
20003502	Ofordshire County Council	Education & Childrens Services	17 Sep 2020	Referred back for local resolution	Premature Decision - referred to BinJ		
20004629	Ofordshire County Council	Highways & Transport	04 Nov 2020	Closed after initial enquiries	Not warranted by alleged mal/service failure		
20005024	Ofordshire County Council	Education & Childrens Services	17 Sep 2020	Referred back for local resolution	Premature Decision - advice given		
20005770	Ofordshire County Council	Education & Childrens Services	01 Oct 2020	Referred back for local resolution	Premature Decision - advice given		
20007890	Ofordshire County Council	Adult Care Services	23 Dec 2020	Closed after initial enquiries	No worthwhile outcome achievable by investigation		
20008499	Ofordshire County Council	Adult Care Services	24 Nov 2020	Referred back for local resolution	Premature Decision - advice given		
20008770	Ofordshire County Council	Education & Childrens Services	14 Dec 2020	Referred back for local resolution	Premature Decision - advice given		
20009742	Ofordshire County Council	Environmental Services & Public Protection & Regulation	22 Dec 2020	Referred back for local resolution	Premature Decision - advice given		
20009911	Ofordshire County Council	Highways & Transport	11 Feb 2021	Closed after initial enquiries	Not warranted by alleged mal/service failure		
20010897	Ofordshire County Council	Education & Childrens Services	19 Jan 2021	Referred back for local resolution	Premature Decision - advice given		
20011424	Ofordshire County Council	Education & Childrens Services	29 Mar 2021	Referred back for local resolution	Premature Decision - advice given		
20012064	Ofordshire County Council	Education & Childrens Services	10 Feb 2021	Referred back for local resolution	Premature Decision - advice given		
20012151	Ofordshire County Council	Education & Childrens Services	12 Feb 2021	Referred back for local resolution	Premature Decision - advice given		
20012512	Ofordshire County Council	Education & Childrens Services	19 Feb 2021	Referred back for local resolution	Premature Decision - advice given		
20012998	Ofordshire County Council	Education & Childrens Services	02 Mar 2021	Referred back for local resolution	Premature Decision - advice given		
20013394	Ofordshire County Council	Education & Childrens Services	11 Mar 2021	Referred back for local resolution	Premature Decision - advice given		
20014366	Ofordshire County Council	Highways & Transport	29 Mar 2021	Referred back for local resolution	Premature Decision - advice given		

Reference	Authority	Category	Decided	Remedy	Remedy Target Date	Remedy Achieved Date	Satisfaction with Compliance
19004582	Oxfordshire County Council	Adult Care Services	24-Jul-20	Financial redress: Avoidable distress/time and troubleProcedure or policy change/review	18-Sep-20	17-Sep-20	Remedy complete and satisfied
19006856	Oxfordshire County Council	Education & Childrens Services	24-Sep-20	ApologyProvide information/advice	26-Oct-20	08-Oct-20	Remedy complete and satisfied
19007554	Oxfordshire County Council	Adult Care Services	02-Mar-20	ApologyFinancial redress: Avoidable distress/time and troubleProcedure or policy change/review	08-Jul-20	08-Jul-20	Remedy complete and satisfied
19010444	Oxfordshire County Council	Education & Childrens Services	24-Nov-20	ApologyFinancial redress: Avoidable distress/time and trouble	24-Dec-20	23-Dec-20	Remedy complete and satisfied
19012746	Oxfordshire County Council	Education & Childrens Services	19-Aug-20	ApologyFinancial redress: Avoidable distress/time and troubleProvide training and/or guidance	16-Sep-20	16-Sep-20	Remedy complete and satisfied
19012782	Oxfordshire County Council	Adult Care Services	06-Oct-20	Apology	06-Nov-20	04-Nov-20	Remedy complete and satisfied
19013820	Oxfordshire County Council	Adult Care Services	12-Oct-20	ApologyFinancial redress: Avoidable distress/time and troubleProcedure or policy change/review	14-Dec-20	14-Dec-20	Remedy complete and satisfied

Local Government & Social Care OMBUDSMAN

21 July 2021

By email

Ms Rees
Chief Executive
Oxfordshire County Council

Dear Ms Rees

Annual Review letter 2021

I write to you with our annual summary of statistics on the decisions made by the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2021. At the end of a challenging year, we maintain that good public administration is more important than ever and I hope this feedback provides you with both the opportunity to reflect on your Council's performance and plan for the future.

You will be aware that, at the end of March 2020 we took the unprecedented step of temporarily stopping our casework, in the wider public interest, to allow authorities to concentrate efforts on vital frontline services during the first wave of the Covid-19 outbreak. We restarted casework in late June 2020, after a three month pause.

We listened to your feedback and decided it was unnecessary to pause our casework again during further waves of the pandemic. Instead, we have encouraged authorities to talk to us on an individual basis about difficulties responding to any stage of an investigation, including implementing our recommendations. We continue this approach and urge you to maintain clear communication with us.

Complaint statistics

This year, we continue to focus on the outcomes of complaints and what can be learned from them. We want to provide you with the most insightful information we can and have focused statistics on three key areas:

Complaints upheld - We uphold complaints when we find some form of fault in an authority's actions, including where the authority accepted fault before we investigated.

Compliance with recommendations - We recommend ways for authorities to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the authority upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit authorities that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your authority with similar types of authorities to work out an average level of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data will be uploaded to our interactive map, [Your council's performance](#), along with a copy of this letter on 28 July 2021. This useful tool places all our data and information about councils in one place. You can find the decisions we have made about your Council, public reports we have issued, and the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

I would encourage you to share the resource with colleagues and elected members; the information can provide valuable insights into service areas, early warning signs of problems and is a key source of information for governance, audit, risk and scrutiny functions.

As you would expect, data has been impacted by the pause to casework in the first quarter of the year. This should be considered when making comparisons with previous year's data.

Supporting complaint and service improvement

I am increasingly concerned about the evidence I see of the erosion of effective complaint functions in local authorities. While no doubt the result of considerable and prolonged budget and demand pressures, the Covid-19 pandemic appears to have amplified the problems and my concerns. With much greater frequency, we find poor local complaint handling practices when investigating substantive service issues and see evidence of reductions in the overall capacity, status and visibility of local redress systems.

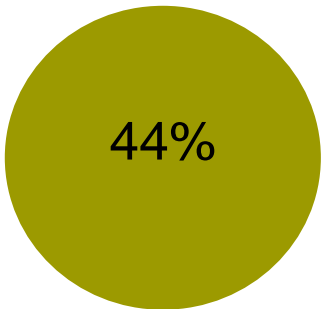
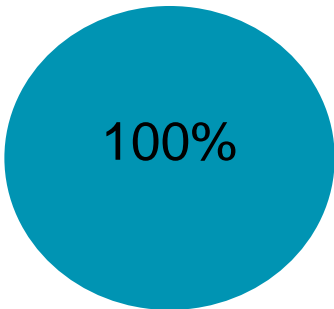
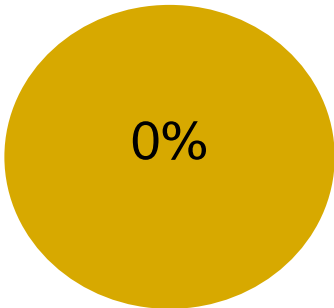
With this context in mind, we are developing a new programme of work that will utilise complaints to drive improvements in both local complaint systems and services. We want to use the rich evidence of our casework to better identify authorities that need support to improve their complaint handling and target specific support to them. We are at the start of this ambitious work and there will be opportunities for local authorities to shape it over the coming months and years.

An already established tool we have for supporting improvements in local complaint handling is our successful training programme. During the year, we successfully adapted our face-to-face courses for online delivery. We provided 79 online workshops during the year, reaching more than 1,100 people. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



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

Complaints upheld		
	<p>44% of complaints we investigated were upheld.</p> <p>This compares to an average of 71% in similar authorities.</p>	<p>7 upheld decisions</p> <p>Statistics are based on a total of 16 detailed investigations for the period between 1 April 2020 to 31 March 2021</p>
Compliance with Ombudsman recommendations		
	<p>In 100% of cases we were satisfied the authority had successfully implemented our recommendations.</p> <p>This compares to an average of 100% in similar authorities.</p>	<p>Statistics are based on a total of 7 compliance outcomes for the period between 1 April 2020 to 31 March 2021</p>
<ul style="list-style-type: none"> Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning. 		
Satisfactory remedy provided by the authority		
	<p>In 0% of upheld cases we found the authority had provided a satisfactory remedy before the complaint reached the Ombudsman.</p> <p>This compares to an average of 8% in similar authorities.</p>	<p>0 satisfactory remedy decisions</p> <p>Statistics are based on a total of 16 detailed investigations for the period between 1 April 2020 to 31 March 2021</p>

NOTE: To allow authorities to respond to the Covid-19 pandemic, we did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints we received and decided in the 20-21 year. Please consider this when comparing data from previous years.

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AUDIT AND GOVERNANCE COMMITTEE – 15 September 2021

Annual Monitoring Officer Report 2020/21

Report by Monitoring Officer

RECOMMENDATION

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

Executive summary

2. This report gives an overview from the Monitoring Officer of democratic and ethical governance activity, during the year 2020/21, in relation to the functions of the Committee. The report reflects on the implications of the pandemic for democratic decision making, the occurrence of code of conduct complaints and other member-related matters.

The Committee's responsibilities for ethical standards

3. The terms of reference of the Audit & Governance Committee contain the following responsibilities:
 - 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.
4. 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.
5. The Monitoring Officer during 2020/21 was, successively, Nick Graham, Director of Law & Governance (who left the authority in June 2020), Steve Jorden, the Interim Monitoring Officer pending a new appointment; and Anita Bradley, Director of Law & Governance, who became Monitoring Officer on 4 January 2021.

Member Code of Conduct

6. 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 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.

7. Each authority has adopted slightly different approaches to handling complaints about councillor conduct. There has been, though, a common theme of proportionality in these arrangements, as envisaged by the Localism Act.
8. On 14 July 2020, the Council approved the appointment of Mr Nicholas Holt-Kentwell and Mr Martyn Hocking as Independent Persons to support the Monitoring Officer and members in the consideration of Code of Conduct complaints.
9. A summary of the Code of Conduct complaints received and considered during 2020/21 and their outcome, is reported at paragraph 19 below.

Consultation on Model Code of Member Conduct

10. During 2020/21, the Local Government Association, building on work with the Committee on Standards in Public Life, issued a consultation on a proposed Model Code of Conduct for members. This Committee, in fulfilment of its duty to promote high standards of conduct, decided to engage in the consultation and formed a cross-party working group to provide a response. The working group, with views from members of this Committee, broadly supported the Model Code and its emphasis on creating clarity around responsibilities, the importance of good behaviours, particularly in the use of social media, and the creation of national guidance to provide examples of key behaviours.
11. In keeping with the principle that, ideally, a similar Code should be adopted across Oxfordshire, the Monitoring Officers from across the county agreed to work up a potential revised code, based on the model, for consideration by each authority, with a view to potential implementation by May 2022. This Committee will therefore be fully involved in this, later in the year. Progress on this will be dependent on each local authority agreeing to take this forward if the principle that the same Code of Conduct is to be adopted across Oxfordshire.
12. In addition, the Council has continued to be fully compliant with the Localism Act and subsequent government guidance and regulations in terms of maintaining registers of members' interests, which are published on each councillor's web page.

Member Code of Conduct Complaints – promoting and maintaining high standards of conduct by Councillors and Co-opted Members

13. It is a core duty of this Committee and each and every member to promote and maintain high standards of conduct by councillors and co-opted members.
14. Monitoring Officer advice was also issued during the year as regards:
 - Disclosable Pecuniary Interests
 - Interests in relation to the February budget setting meeting

- Pre-election guidance to staff and councillors on responsibilities about the use of council publicity and resources during the elections in May 2021, the pre- election period commencing on 29 March 2021

Declaration of interests

15. There is 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.
16. 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

17. There have been no applications for dispensation from the requirement to remove oneself from a meeting where a Disclosable Pecuniary Interest would otherwise require this.

The Number and Nature of Complaints of Breaches of the Code

18. There were **14** formal complaints against members during 2020/21 although 11 of these were about the same issue. Taken together, the theme was the tension between members speaking freely in robust political debate – in person and particularly online – and perceptions as to what behaviours 'cross a line'.
19. In each case, it is necessary to be clear whether the behaviour complained about arose where the person was acting or purporting to act as a county councillor known as "official capacity". Secondly following investigation, the consideration was whether the behaviours were found to have breached the Code of Conduct and if so what if any sanction to impose. In each case, the Monitoring Officer also sought the views of the Independent Person.

Complaint/allegation	Outcome
Complaint 1: fellow county councillor complained about a members' language at the Full Council meeting on 14 July 2021	Informal resolution; apology made.
Complaint 2: member of the public complained about allegedly disparaging remarks made on social media about political opponents viewpoints at another authority	Not upheld, no breach found
Complaints 3-13: 11 complaints from members of the public about a member's remarks on social media	Breach of Code found. Members Advisory Panel held with recommended actions to

Complaint/allegation	Outcome
endorsing an offensive viewpoint and language	the Monitoring Officer which were followed. Audit & Governance Committee and Full Council informed. Apology given.
Complaint 14: Complaint that councillor made inappropriate remark during a conversation on a local issue, on social media.	Not upheld, no breach found..

20. The outcomes of these complaints and the contexts in which they arose, informed the development of the post-election member induction programme, particularly in emphases about the responsibility to demonstrate good behaviours. The Welcome Event and the Member Code of Conduct sessions both reflected on members being clear about when they are acting in their capacity as councillors; and the importance of keeping public dialogue consistent with the Code.
21. The Monitoring Officer intends, during 2021/22, to review the arrangements for dealing with complaints against members. This is to achieve greater clarity of process and responsibilities for the benefit of members of the public and members themselves. The potential revision of the Member Code of Conduct itself provides an important context for reviewing the arrangements for dealing with any complaints that arise under the Code. The Committee will be kept involved in this.

Pre-election and induction preparation

22. During 2020/21, the Council made preparations for the May 2021 elections and the implementation of an induction programme for members against a background of uncertainty due to the pandemic.
23. An induction programme was developed giving prominence to the Member Code of Conduct, as well as to the overview of services, legal requirements such as planning law and practice, and skills such as the effective chairing of meetings. The programme was intended to give essential introductions to the senior management team, to assist in maintaining open and effective relationships. It was intended that this would provide a platform on which to create further development, owned by members, throughout 2020/21.
24. During 2021/22, there is a need for the Council to revisit what member training should be mandatory to help build positive behaviours and skills and to ensure key knowledge for those members serving on regulatory committees or in key roles such as chairing formal meetings. The Monitoring Officer will review this with the Committee and Group Leaders.

Oxfordshire Monitoring Officers' Group

25. Monitoring Officers from Oxfordshire's county and district councils have continued to meet to discuss issues of common concern, along with a representative of the Oxfordshire Association of Local Councils. This comparison of experiences has been particularly useful in monitoring the operation of the harmonised codes of conduct and governance issues generally.

Democratic process

26. Clarity and accountability in the decision making of the Council is an important bedrock for good governance. The Covid-19 pandemic had major implications for the Council's decision making arrangements, with restrictions on movement and on physical meetings, for much of 2020/21. At the earliest opportunity the Council utilised the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 that came into force on 4 April 2020. The Council put in place constitutional arrangements to hold remote meetings, adopting Virtual Meeting Procedure Rules and producing guidance for the public.
27. In practice, the Council's decision making made a smooth transition to the virtual space. Councillors remained able to engage in online meetings, and members of the public were also able to participate in terms of speaking and addressing meetings, as well as viewing them remotely. As such, member-based decision-making continued without the need for an increased use of officer delegation. In all, 12 meetings were either cancelled or postponed in April and May 2020 at the outset of the pandemic, in order to maximise the business of the meetings that did then take place. Thereafter, in total, a full complement of 108 formal meetings were successfully held virtually between April 2020 and March 2021.
28. The Council's Education Appeals Panels were also able to meet remotely with no adverse impact to parents or the Council in the delivery of the appeals service.

Decision making governance

29. It is important, though, as in any year, to reflect to the Committee how the decision making arrangements worked in practice as regards instances of closed sessions, exceptions to the Forward Plan process for Cabinet decisions, and instances of call-in.
- 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

30. The press and 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 in Schedule 12A of the Local Government Act 1972, as amended). The Monitoring Officer, in the role of ensuring lawful decision making, has reviewed the number of times that either the public was excluded or that an exempt report was featured on an agenda. This happened 14 times over the past year (23 in 2019/20, including Appeals & Tribunals Panels). The instances are set out in **Annex 1** to this report. In each case, the Monitoring Officer was satisfied that the reasons for closure were appropriate.

Cabinet – Forward Plan

31. 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, of which there were five (six last year).

Scrutiny Call-In

32. 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. No instances of call-in occurred during 2020/21 (two in 2019/20)

Chief Executive – 'Cabinet Decisions'

33. Under the Council's Constitution, the Chief Executive is given 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 2020/21 this delegation was exercised on two occasions (13 in 2019/20). Both 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 instances are listed in **Annex 3**.

Modern.Gov, transparency and access

34. Modern.Gov is the software package used by the Council for creating, tracking and publishing council meeting agendas, reports and minutes. This is important for transparency as the system publishes clear information on our website as to the calendar of meetings and the accessibility of meetings papers. During 2020/21, we have piloted the use of an app for members to facilitate remote access to restricted papers securely and we will be reviewing a potential roll out of this during 2021/22. The public also has access to a public-facing app.

Modern.Gov also has capacities, currently being explored, for tracking decisions and to publish the Council's Constitution. It also contains a module for publishing elections information, which was prepared in readiness for the May 2021 elections..

35. Modern.Gov 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.

Constitution Review

36. It was determined by this Committee during 2020/21 that a review of the Constitution should take place. It was agreed that this should occur after the May 2021 elections so that the review could be owned and led by the new council. This has been programmed into the work of this Committee for the months ahead and will secure involvement from members individually and via a cross-party working group. The Council made clear its wish to develop a Constitution that reflects the values of the council and is transparent, accountable, efficient and accessible. The aim is to achieve a Constitution that is inclusive, concise and facilitates accountable decision-making. Achieving this will bring a greater clarity to the Council's governance arrangements in the interests of the public, members and officers.
37. As part of the Constitution Review, it will be important that the efficacy of the member-related protocols is also sound and reflects good practice. This includes, for instance, the Protocol on Members' Rights and Responsibilities (Part 9.2 of the Constitution) and the Protocol on Member-Officer Relations (Part 9.6).

Members' Allowances

38. During 2020/21, the Council's Independent Remuneration Panel undertook a planned, full review of the members' allowances scheme. The Panel recommended some changes to allowances, having reviewed the roles of members on Oxfordshire County Council and having interviewed a cross-section of them.
39. Council agreed not to accept the Panel's recommendations at that time, in whole or in part, and agreed to a status quo Scheme of Allowances for 2021/22. This was with the proviso that the newly elected Council after May 2021 be asked to revisit the matter during the 2021/22 Council Year. This matter will be brought back to Full Council later in the year for consideration.

Summary

40. This annual review highlights the progress in maintaining democratic accountability and transparency with members continuing to undertake their

role as community leaders during a period of challenge and constraint in a year particularly affected by the COVID19 pandemic.

41. Members made an effective transition to meeting online with ethical standards maintained during this process. Encouraging and maintaining high standards of conduct will continue to be addressed in 2021/22 with the consideration of a potential new Member Code of Conduct. If Council resolves to adopt a new Code of Conduct it will be important to ensure that members are provided with adequate training on that Code. It is imperative that members and officers set the ethical tone within the Council and model the behaviours that they expect of themselves and others.

ANITA BRADLEY

Monitoring Officer

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

Annex 1

Exempt items – May 2020 – May 2021

Meeting	Date	Provision
Education Scrutiny	24 June 2020	2
Joint Shared Services and Personnel Committee	11 August 2020	1,2,3
Pension Fund Committee	4 December 2020	2 Reports para 3
Joint Shared Services and Personnel Committee	16 December 2020	1,2,3
Pension Fund Committee	5 March 2021	2 Reports, para 3
Joint Shared Services and Personnel Committee	25 March 2021	4
Appeals & Tribunals Subcommittee*	Various dates (x8)	1,2,3

* These Sub-Committees hear individual personal appeals

Statutory 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

Annex 2

General Exceptions to the Forward Plan May 2020 - May 2021

A. Access to Information Procedure Rules Paragraph 16 Special Urgency

Department of Transport Active Travel Emergency Fund - Tranche 2

To delegate authority for approval to officers of the Active Travel Emergency Fund
Tranche 2 submission to the Department of Transport - Cabinet, 21 July 2020

Highways Term Maintenance and Major Projects

To seek agreement to the novation of Oxfordshire County Council's highways maintenance contract - Corporate Director - Communities, 16 March 2021.

B. Access to Information Procedure Rules Paragraph 15 General Exception

Objection to West Berkshire Minerals and Waste Local Plan

The Cabinet was asked to endorse the officer recommendation to raise an objection to the R19 West Berks Minerals and Waste Local Plan pre-submission draft - Cabinet, 16 March 2021.

Reprovision of Maltfield House – New Build Children's Home

To seek approval of the proposal to change the design specification of the new build children's home from six to four beds - Cabinet, 20 April 2021.

Developing a Strategic Framework for Oxfordshire County Council Libraries and Heritage Services

To consider approving the development of a clear vision and strategic framework for the planning and delivery of libraries and heritage services to strengthen the contribution they make to wider community outcomes - Cabinet, 20 April 2021.

Annex 3

Chief Executive – Cabinet Decisions (Constitution, Part 7.1)

Request for exemption from tendering under Contract Procedure Rule ("CPR") 20 in respect of the award of a Contract for Reablement Support Workers to support an Oxfordshire Home First New Ways of Working – 28 September 2020.

Request for exemption from tendering under Contract Procedure Rule ("CPR") 20 in respect of the award of a contract for vision screening for 4-5 year olds – 21 January 2021.

AUDIT AND GOVERNANCE COMMITTEE

15 SEPTEMBER 2021

Constitution Review

Report by Monitoring Officer

RECOMMENDATION

1. The Audit & Governance Committee is **RECOMMENDED** to
 - a) Consider the results of the Member engagement exercise on the Constitution set out in Appendix 1
 - b) To endorse the process for the 2021 review of the Constitution
 - c) To comment on the proposed Project Plan for the review
 - d) To agree to the establishment of an informal cross-party Constitution Review Working Group comprising 3 Liberal Democrat-Green Alliance members, 3 Labour members, 2 Conservative members and 1 Independent Member

EXECUTIVE SUMMARY

2. The Council has a duty to keep its constitution under review. This includes all relevant codes and protocols, and the procedure rules for committees. As well as corrections, updates, amendments, and developments to the constitution.
3. The constitution forms a key part of the Council's governance framework, setting rules, principles, and procedures to enable the Council to take decisions and do its work effectively.
4. This report proposes that the Monitoring Officer undertakes a review of the constitution to ensure that it is fit for purpose, supported by a Councillor Constitution Working Group.
5. Under provisions contained within the Local Government Act 2000 (and as subsequently amended) the Council is required to prepare and maintain a Constitution. The Constitution must contain:
 - The standing orders and rules of procedure of the Council.
 - The Members Code of Conduct
 - Such other information as the Secretary of State may direct
 - Other information (if any) as the Council considers appropriate
6. Secretaries of State have produced since 2000 more than 100 different matters that are required to be included within the Constitution including members allowance schemes and joint working arrangements with other local authorities.
7. The Constitution must be available for inspection by the public at all reasonable hours and a copy can be requested upon payment of a reasonable fee.

REVIEW OF THE CONSTITUTION

8. At its meeting on 3 March 2021 the Committee endorsed a proposal from the Monitoring Officer to bring back proposals for a full review of the structure and content of the Constitution following the May elections, this was subsequently further endorsed by Council on the 23 March 2021.
9. In July the Committee further agreed that engagement should be undertaken with Councillors to seek their views on the current Constitution and potential scope for the review. As a result, a Member Survey was emailed out to all Councillors on the 20 August allowing a 2 week period for completion and submission.

Councillor Engagement Exercise

10. The results of the Member engagement exercise will be collated and forwarded to the Committee prior to the meeting as Appendix 1.

Objectives of the Review

11. The Constitution should be seen as a “living” document— i.e. not something which is set in stone for all time, but something which is kept under regular review and which the Council is willing to adjust or clarify in the light of new or changing circumstances.
12. The Constitution should be “owned” by the whole Council—i.e. not something which is under the control of the largest group or any other part of the Council but something in which the whole Council has a genuine interest.
13. Having a Constitution which is reviewed and updated regularly serves a valuable and relevant purpose by striking a fair balance between the interests of the various groups within the Council—e.g., between the largest political group and opposition groups, between all Councillors and between Councillors and officers.
14. Most importantly the Constitution needs to enable the Council to operate effectively. It must deliver:
 - good governance behaviours such as transparency, accountability, leadership and participation
 - effective officer/member relationships
 - clear and effective decision-making with an effective scheme of delegations that utilises officer expertise
 - clarity and consistency
15. It is proposed that the Monitoring Officer undertakes a complete review of the Constitution with an aim of producing a modern, concise where appropriate and detailed where needed document supported by the following objectives:
 - Produce a Constitution that is "Fit for Purpose" and "Understandable" by Councillors, Officers, Partners and the public

- Develop a Constitution that is "locally driven" and should reflect the values and culture of Oxfordshire County Council such as openness and transparency
 - Review the terms of reference of existing Committees and ensure that their role is clear, effective and contributes positively to local democratic principles
 - Review scheme of delegations and where appropriate provide additional delegation to aid effective decision-making within the policy & budget framework set by elected members
 - Seek to remove any ambiguity and make roles of Committees explicit avoiding any duplication (for example clear Cabinet Member remits and delegations and clear scrutiny arrangements)
 - Deliver a Constitution that is modern, reflects best practice and utilises language and style that will make it more accessible
16. Attached at Annex A is a Draft Project Plan for consideration in order to aid the Committee's deliberations. This plan takes in to account the objectives outlined above and may need to be amended to consider the results of the Member Engagement Exercise.

Constitution Working Group

17. It is proposed that the constitution review will be assisted by a Constitution Working Group of Councillors, who will consider options and proposals to advise the review and the development of the constitution. It is proposed that membership of the working group covers the full spectrum of politics within the Council and therefore consist of:
- 3 Liberal Democrat - Green Alliance
 - 3 Labour
 - 2 Conservative
 - 1 Independent Member
18. Group Leaders will be asked to confirm their appointments to the working group. The membership is not limited to Audit and Governance Committee membership and can come from across the Council. As representatives of their Groups, it will be important that working group members actively engage with councillors in their Group to consider any proposed changes and present the agreed views and comments of their Group back to the Working Group, not just their own perspective.
19. The Committee is asked to agree a term of reference for the working group, in order to aid deliberations a draft term of reference is attached at Annex B
20. A review of the Constitution provides an opportunity to ensure that the Council is governed by a modern and dynamic document, to make the content more accessible to the public and usable for both Councillors and Officers, and ensure that it is fit-for purpose, reflecting the core values of Oxfordshire County Council.
21. The operating principles for the working group will be:

- a) Receive the proposals of, and provide thoughts, feedback and guidance on areas for inclusion within the Constitution (or on the authority's constitutional arrangements) to assist the Monitoring Officer in developing recommendations for Full Council consideration and approval.
- b) Develop design principles to guide the constitution review process

Financial Implications

22. There are no financial implications directly relating to, or arising from, the recommendation in this report.

Legal Implications

23. The Council has a legal duty to maintain a Constitution and to keep it up to date. This report fulfils the duty to keep the Constitution up to date and makes proposals for maintaining it into the future.

Equality & Inclusion Implications

24. The recommendations in this report do not themselves raise equality implications. However, keeping the Constitution up to date is important to its accessibility. The recommendation for bringing forward proposals for reviewing the Constitution involves a recognition that any such proposals for review would need to ensure a diversity of views and an emphasis on achieving a Constitution that engages everyone in our communities.

ANITA BRADLEY

Director of Law and Governance & Monitoring Officer

Annex:

- Annex A – Draft Constitution Review Project Plan
- Annex B – Draft Constitution Working Group Terms of Reference

Background papers: Nil

Contact Officer: Glenn Watson, Principal Governance Officer,
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Project Scope: Review of Constitution

1. Introduction

Under provisions contained within the Local Government Act 2000 (and as subsequently amended) the Council is required to prepare and maintain a Constitution.

The Constitution must contain:

- The standing orders and rules of procedure of the Council.
- The Members Code of Conduct
- Such other information as the Secretary of State may direct
- Other information (if any) as the Council considers appropriate

Secretaries of State have produced since 2000 more than 100 different matters that are required to be included within the Constitution including members allowance schemes, joint working arrangements with other local authorities and pay policy statements.

The Constitution must be available for inspection by the public at all reasonable hours and a copy can be requested upon payment of a reasonable fee.

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2. The Project

Project Purpose

It has been said that prime objective of a good local authority is to have an accessible and modern Constitution. The Constitution should be seen as a “living” document— i.e. not something which is set in stone for all time, but something which is kept under regular review and which the Council is willing to adjust or clarify in the light of new or changing circumstances.

The Constitution should be “owned” by the whole Council—i.e., not something which is under the control of the largest group or any other part of the Council but something in which the whole Council has a genuine interest.

Having a Constitution which is reviewed and updated regularly serves a valuable and relevant purpose by striking a fair balance between the interests of the various groups within the Council—e.g., between the largest political group and opposition group, between all Councillors and between Councillors and officers.

Most importantly the Constitution needs to enable the Council to operate effectively. It must deliver:

- good governance behaviours
- effective officer/member relationships
- clear and effective decision-making
- strong accountability
- clarity and consistency

Project Objectives

The project will seek to deliver a complete review of the existing Constitution, and revise and update the language and content where needed. The aim is to produce a modern, concise where appropriate and detailed where needed document supported by the following objectives:

- Produce a Constitution that is "Fit for Purpose" and "Understandable" by Councillors, Officers, Partners and the public
- Develop a Constitution that is "locally driven" and should reflect the values and culture of Oxfordshire County Council.
- Review the terms of reference of existing Committees and ensure that their role is clear, effective and contributes positively to local democratic principles
- Review scheme of delegations and where appropriate provide additional delegations
- Seek to remove any ambiguity and make roles of Committees explicit avoiding any duplication (for example clear scrutiny arrangements)
- Deliver a Constitution that is modern, reflects best practice and utilises language and style that will make it more accessible
- Insert additional - based on key themes raised in member engagement exercise

Project Scope

Undertake a complete review of the Constitution complete for submission to Council in 2021-22 including review and revision of;

The Document:

- Document - improved modern style and format
- simplifying number of parts and avoiding duplication
- glossary of terms (and acronyms)
- organisational structure charts
- use of flow charts and diagrams in the Constitution outlining decision-making bodies
- diagram showing all the Council's committee and sub-committees
- hyperlinks within document to enable easy navigation
- consistent use of terminology across the Constitution

Content:

- Delegations – clear, concise, modern style set out of Member and Officer delegations
- Member and Officer Roles
- Contract Standing Orders – ensure they reflect post-Brexit requirements
- Financial Code of Practice
- Rules of Procedure
- Member/ Officer Protocols
- Identified other elements of the Constitution (complaints process)
- Review threshold scheme for petitions

Also, to consider;

- Identify corrections required to content
- Consideration of Officer training
- Member training
- Setting up a maintenance schedule for new document
- Identifying best practice to adopt (LGA / other councils)
- Ensuring compliance with the MHCLG Open and Accountable local government guidance

Out of scope but to note:

- Member Allowances

Timescale

Proposals to Audit & Governance Committee – 16 March 2022

Consultees

- Group Leaders
- Constitution Working Party
- CEDR
- Monitoring Officer
- Overview & Scrutiny Function
- Council
- Stakeholders as identified

Dependencies

- Councillor engagement and cooperation
- Staff engagement
- Committee timetabling
- Consensus on recommendations (if possible)

Assumptions

- It is assumed that the proposed changes being made will not be contentious, to allow us to meet the challenging timescales
- It is assumed that all existing Committees will continue in place.
- It is assumed that the Project will be able to call on all required resources on demand, as there is an extremely constrained timescale.

Timescales

Stage	Purpose/ Action	Stakeholders	Timescale
1. Initial Member Engagement	Create Member survey, send to all Councillors for completion 20 August – 3 September Actions to be led by Monitoring Officer	Councillors CEDR	20 August – 3 September

2. Report to A&G Committee	Report to Audit & Governance Committee to: i) consider member survey results ii) agree objectives and scope of the review iii) create Constitution Working Group (CWG) and agree its terms of reference Report to be produced by Monitoring Officer	Audit & Governance Committee	15 September
3. Structure, format & style	<ul style="list-style-type: none"> Review best practice and guidance on modern, user-friendly, accessible structure, format and style Consider best practice design principles Consider whether or not the current structure is appropriate/ how easy is it to find things/ how much cross-referencing is required Consider approaches to indexing, summarising, use of hyperlinks, use of diagrams and flow charts Process to be managed by Monitoring Officer with support from Officers and engagement with CWG	Constitution Working Group	Update to Audit & Governance Committee – 17 November
4. Review of content	Statutory Requirements <ul style="list-style-type: none"> ensure up to date identify what is required for inclusion within constitution review 'other' content and purpose it serves – can it be provided through hyperlinks if it is still needed? Consider how to present on website, use of public guides and a landing page, use of Modern.gov to set out Monitoring Officer led in consultation with CWG	Constitution Working Group	Update to Audit & Governance Committee – 19 January
	Review Governance elements of constitution to ensure they are fit for purpose and in line with agreed design principles <ul style="list-style-type: none"> Procedural Standing Orders Use of Articles Responsibility for functions Budget and Policy Frameworks Decision-making Cabinet rules Scrutiny rules Committee terms of reference Public engagement – speaking, questions, access, webcasting, petitions etc Codes and Protocols Monitoring Officer led in consultation with CWG	Constitution Working Group Cabinet Overview & Scrutiny Committees CEDR	Proposals to Audit & Governance Committee – 16 March 2022
	Review Finance Procedural Rules	Constitution Working Group Appropriate Officers	
	Review Contract Standing Orders	Constitution Working Group Appropriate Officers	
	Review Scheme of Delegations	Constitution Working Group Appropriate Officers	

	Review other identified elements		
5. Report Proposals	Present Draft Constitution to Audit & Governance Committee for endorsement and then to Council for adoption.		Proposals to Audit & Governance Committee – 16 March 2022
6. Ensure ongoing review	Set out steps to ensure that there is a clear mechanism in place for: <ul style="list-style-type: none"> • Monitoring Officer periodic review • Reacting to changes in legislation • Programme developed to set out importance of the Constitution, increase understanding and political awareness 		

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Constitution Working Group

1. Context

Article 13 of the constitution sets out the duty of the Monitoring Officer to review the constitution in order to ensure that the aims and principles of the constitution are given full effect. A key role for the Monitoring officer is to make recommendations for ways in which the constitution could be amended to improve the operation of the Council. The Monitoring Officer has delegated power to ensure that minor amendments and updates are made to the constitution.

The Audit and Governance Committee has requested that the Monitoring Officer undertake a detailed review of the constitution in order to ensure that it is fit for purpose, particularly given that it has not undergone significant review for some time. Changes to the constitution require approval by Council, proposals to improve the constitution will therefore be developed and brought forward to Council for consideration in due course.

The Constitutional Working Group will be key in order ensure appropriate member engagement in this process.

2. Purpose

The Constitution Working Group will:

1. Receive the proposals of, and provide thoughts, feedback and guidance on areas for inclusion within the Constitution (or on the authority's constitutional arrangements) to assist the Monitoring Officer in developing recommendations for Full Council consideration
2. Develop design principles for the review
3. Manage delivery of the Constitution review project plan

3. Outputs

The Constitution Working Group, where possible by consensus, will:

- Make recommendations to the Monitoring Officer on matters brought before it as part of the review into the constitution
- Make recommendations to the Monitoring Officer on proposed content as part of the review into the constitution
- Make recommendations to the Audit and Governance Committee on proposed content as part of the review into the constitution

4. Appointment to the Constitution Working Group

Membership of the Constitution Working Group has been set by the Audit and Governance Committee and shall be limited to this review.

5. Membership

The Constitution Working Group shall comprise nine members with appointment from each Political Group as agreed by Group Leaders. The membership is not limited to Audit and Governance Committee membership and can come from across the Council. The membership shall consist of:

- Insert names

Additionally, officers will attend as appropriate depending on the area of the constitution being discussed.

The Chairman and Vice Chairman of the Constitution Working Group will be appointed at the first meeting of the Constitution Working Group.

6. Frequency of Meetings

The Constitution Review Working Group will meet as and when required.

All meetings will be held in private and dates and times of meetings will be agreed by the Working Group in support of the Monitoring Officer review.

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME – 2021/22

17 November 2021

External Auditors – 2020/21 Annual Audit Letter (Maria Grindley/Adrian Balmer)
Treasury Management Mid-Term Review (Tim Chapple)
Counter Fraud Update (Sarah Cox)
Constitution Review (Anita Bradley/Glenn Watson)
OFRS Statement of Assurance 2020/21 (Don Crooks)

19 January 2022

Treasury Management Strategy Statement and Annual Investment Strategy for 2022/23 (Tim Chapple)
Internal Audit Plan – Progress Report (Sarah Cox)

16 March 2022

Ernst & Young – Progress Report, incl Audit Plan (Maria Grindley/Adrian Balmer)
Scale of Election Fees and Expenditure (Glenn Watson)
Audit & Governance Committee Annual Report to Council 2021 (Cllr Roz Smith)
Progress update on Annual Governance Statement Actions (Glenn Watson)
Counter-fraud Update (Sarah Cox/Tessa Clayton)

11 May 2022

Annual Governance Statement (Glenn Watson)
Annual Report of the Chief Internal Auditor (Sarah Cox)
Internal Audit Strategy & Annual Plan 2022/23 (Sarah Cox)
Annual Scrutiny Report (Robin Rogers)
Ernst & Young - Progress Report (Maria Grindley)
Draft narrative statement and Accounting Policies for inclusion in the Statement of Accounts (Hannah Doney)
Treasury Management Annual Performance Report (Tim Chapple)

Standing Items:

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

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