



To: **Members of the Audit & Governance Committee**

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

**Wednesday, 19 July 2023 at 1.00 pm**

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

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

Martin Reeves  
Chief Executive

Deadline(pubagenda)

*Committee Officers:* *Committee Services*  
*Email: committees.democraticservices@oxfordshire.gov.uk*

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**Membership**

Chair – Councillor Roz Smith  
Deputy Chair - Councillor Brad Baines

*Councillors*

Yvonne Constance OBE  
Trish Elphinstone  
Ted Fenton

Jenny Hannaby  
Nick Leverton  
Ian Middleton

Freddie van Mierlo  
Judy Roberts  
Vacancy

*Co-optee*

Dr Geoff Jones

**Notes:**

- ***Date of next meeting: 20 September 2023***

## **AGENDA**

- 1. Election of Chair for the 2023-24 Council Year**
- 2. Election of Deputy Chair for the 2023-24 Council Year**
- 3. Apologies for Absence and Temporary Appointments**
- 4. Declaration of Interests - see guidance note**
- 5. Minutes (Pages 1 - 10)**

To approve the minutes of the meeting held on 10 May 2023 and to receive any information arising from them.

### **6. Petitions and Public Address**

Members of the public who wish to speak at this meeting can attend the meeting in person or 'virtually' through an online connection.

To facilitate 'hybrid' meetings we are asking that requests to speak or present a petition are submitted by no later than 9am four working days before the meeting i.e., 9am on Thursday 13 July 2023. Requests to speak should be sent to [committeesdemocraticservices@oxfordshire.gov.uk](mailto:committeesdemocraticservices@oxfordshire.gov.uk)

If you are speaking 'virtually', you may submit a written statement of your presentation to ensure your views are taken into account. A written copy of your statement can be provided no later than 9am 2 working days before the meeting. Written submissions should be no longer than 1 A4 sheet.

### **7. Treasury Management - Outturn report (Pages 11 - 24)**

Report by Director of Finance

The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management 2021' requires that the Council and Audit & Governance Committee receives a report on Treasury Management activities at least four times per year. This report is the final report for the financial year 2022/23 and sets out the position at 31 March 2023.

**Audit & Governance Committee is RECOMMENDED to note the report, and to RECOMMEND Council to note the council's treasury management activity and outcomes in 2022/23.**

## **8. Update on Statement of Accounts - 2022/23 (Pages 25 - 26)**

Report by Director of Finance

This report sets out the approach taken to the preparation of the 2022/23 Statement of Accounts. It also provides a brief update to the prior years Accounts that remain unaudited

**The Committee is RECOMMENDED to note the timing for the 2022/23 Statement of Accounts along with the updates on prior years.**

## **9. Annual Governance Statement 2022-23 (Pages 27 - 60)**

Report by Director of Law and Governance

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

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

**The Audit & Governance Committee is RECOMMENDED to approve the Annual Governance Statement 2022/23, subject to the Monitoring Officer making any necessary amendments in the light of comments made by the Committee, after consultation with the Leader of the Council, the Chief Executive, and the Section 151 officer.**

## **10. Internal Audit Charter (Pages 61 - 78)**

Report by Director of Finance

This report presents both the Internal Audit Charter and the Quality Assurance and Improvement Programme for 2023/24. These are subject to annual review.

**The committee is RECOMMENDED to:**

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

## **11. Counter Fraud Plan and Update (Pages 79 - 88)**

Report of Director of Finance

This report presents a summary of activity against the Counter Fraud Plan for 2022/23, which was previously presented to the July 2022 Audit & Governance committee meeting.

The report also presents the Counter Fraud Plan for the coming year 2023/24.

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

**The Committee is RECOMMENDED to**

- a) **Note the summary of activity against the Counter Fraud Plan for 2022/23.**
- b) **Approve the Counter Fraud Plan for 2023/24.**

## **12. Ernst & Young Update**

To receive a verbal update from Ernst & Young

## **13. Health and Safety Annual Report (Pages 89 - 92)**

Report by Director of Finance

The H&S Annual Report is a summary of performance and is part of the corporate governance framework. It seeks to provide the Committee with assurance that arrangements for managing health safety are suitable and sufficient whilst identifying areas for improvement.

**The Committee is asked to note and accept the contents of the Health and Safety (H&S) Annual Report and the work of the H&S Team to support services and improve performance keeping employees and customers safe.**

## **14. Audit and Governance Committee Work Programme 2023-24 (Pages 93 - 94)**

To review the Committee's work programme

**Close of meeting**

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

## **Councillors declaring interests**

### **General duty**

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed 'Declarations of Interest' or as soon as it becomes apparent to you.

### **What is a disclosable pecuniary interest?**

Disclosable pecuniary interests relate to your employment; sponsorship (i.e. payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

### **Declaring an interest**

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest. If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

### **Members' Code of Conduct and public perception**

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member 'must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself' and that 'you must not place yourself in situations where your honesty and integrity may be questioned'.

### **Members Code – Other registrable interests**

Where a matter arises at a meeting which directly relates to the financial interest or wellbeing of one of your other registerable interests then you must declare an interest. You must not participate in discussion or voting on the item and you must withdraw from the meeting whilst the matter is discussed.

Wellbeing can be described as a condition of contentedness, healthiness and happiness; anything that could be said to affect a person's quality of life, either positively or negatively, is likely to affect their wellbeing.

Other registrable interests include:

- a) Any unpaid directorships

- b) Any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority.
- c) Any body (i) exercising functions of a public nature (ii) directed to charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

### **Members Code – Non-registrable interests**

Where a matter arises at a meeting which directly relates to your financial interest or wellbeing (and does not fall under disclosable pecuniary interests), or the financial interest or wellbeing of a relative or close associate, you must declare the interest.

Where a matter arises at a meeting which affects your own financial interest or wellbeing, a financial interest or wellbeing of a relative or close associate or a financial interest or wellbeing of a body included under other registrable interests, then you must declare the interest.

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied:

Where a matter affects the financial interest or well-being:

- a) to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest.

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

# Agenda Item 5

## AUDIT & GOVERNANCE COMMITTEE

**MINUTES** of the meeting held on Wednesday, 10 May 2023 commencing at 2.00 pm and finishing at 4.01 pm

**Present:**

**Voting Members:** Councillor Roz Smith – in the Chair

Councillor Brad Baines (Deputy Chair)

Councillor Yvonne Constance OBE

Councillor Trish Elphinstone

Councillor Ted Fenton

Councillor John Howson

Councillor Ian Middleton

Councillor Judy Roberts

**Other Members in Attendance:** Dr Geoff Jones (Co-Opted Member) and Councillor Calum Miller (Cabinet Member for Finance, for agenda items 7 to 10).

**By Invitation:**

**Officers:**

Whole of meeting Lorna Baxter (Director of Finance), Anita Bradley (Director of Law & Governance and Monitoring Officer), Sarah Cox (Chief Internal Auditor), Paul Grant (Head of Legal and Deputy Monitoring Officer), Simon Harper (Head of Governance) and Jonathan Deacon (Interim Democratic Services Officer).

Part of meeting Melissa Sage (Head of Procurement Contract Management) for agenda item 8. Georgina Cox (Principal Auditor) and Katherine Kitashima (Audit Manager) for agenda items 5 and 6.

Adrian Balmer and Maria Grindley of Ernst & Young also in attendance.

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

### **30/23 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

Apologies for absence were received from Councillor Nick Leverton and Councillor Freddie Van Mierlo. Councillor John Howson substituted for Councillor Van Mierlo.

### **31/23 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE**

(Agenda No. 2)

There were none.

### **32/23 MINUTES**

(Agenda No. 3)

The Committee approved the minutes of the meeting held on 15 March 2023 and authorised the Chair to sign them as a correct record, subject to an amendment that a reference to 'Audit & Scrutiny Committee' in the fourth paragraph of the final item 'Renewal of the Appointment of Independent Persons' was replaced with 'Audit & Governance Committee'.

The Committee had also received an amended Annex of the Election Fees paper which was noted at the meeting in March. The updated version corrected the fact that in the original version the fee for the Deputy Returning Officer role for 2-member divisions (paragraph 8) had been decreased from £190 in 2023 to £118.50. The actual figure was an increase to £205.

#### **ACTIONS:**

- 1) The Director of Law & Governance to review the wording of 'Actions and behaviours taken by the Council that demonstrate good governance' in Appendix A of the report taken from the CIPFA and SOLACE guidance and framework and provide a response to the Committee (Anita Bradley).
- 2) The action from the March meeting that the Chief Internal Auditor considers with the Director of Law & Governance whether more in-depth analysis could be provided on responses to whistleblowing cases at a future Audit Working Group meeting and also how much detail could be provided on the counter fraud sum recovered and what percentage this was of losses overall to be linked with the Working Group meeting when further information is provided on Counter Fraud (Sarah Cox / Anita Bradley).

### **33/23 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

There were none.

### **34/23 CHIEF INTERNAL AUDITOR'S ANNUAL REPORT**

(Agenda No. 5)

Sarah Cox, Chief Internal Auditor, presented the item. She stated that she had provided an opinion on the Council's System of Internal Control and it is one of the sources of assurance for the Annual Governance Statement. She had found that



there was satisfactory assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control. Ms Cox explained that in addition to the annual self-assessment against the standards being completed by the Chief Internal Auditor, it was a requirement of the Public Sector Internal Audit Standards 2017 (PSIAS) for an external assessment of internal audit to be completed at least every five years. The external assessment had been booked for the beginning of October 2023. The results would be reported to the January 2024 Audit & Governance Committee meeting.

Ms Cox provided an update on the staffing vacancy. This had been backfilled to some extent using an external firm and an employee returning to the Council on a part time basis as Principal Auditor. Efforts would continue to be made to appoint a Senior Auditor. The vacancy had impacted on the delivery of the 2022/23 revised plan as it had not been possible to complete seven audits by the end of April. However, the revised plan had now been completed, subject to these audits at exit meeting / draft report stage being finalised by the end of May. It had been possible to deliver a sufficient amount of the plan to provide the overall opinion. An executive summary of the seven audits would be submitted to the next meeting of the Committee in July.

Ms Cox also referred to the one audit which had been graded 'red' in 2022/23. This had been for a school which had financial management and governance concerns. A new headteacher was in post now and most of the management actions arising from the audit report had been implemented. Due to its confidential nature, further information relating to this matter was likely to be provided to the Audit Working Group.

In response to a question on what impact there had been as a result of the staffing vacancy on the monitoring of actions from previous audits, Ms Cox responded that the figures had not shown any clear impact. However, during the last couple of months it had not been possible to devote additional resource to the monitoring of actions and there was likely to have to be a catch up period in the summer. There was still a monthly report to the Council's Strategic Leadership Team (SLT) members and corporate directors and a monitoring process in place.

Following a request, it was agreed that a relevant officer would provide further information to Committee Members on the work of the Climate Change Programme Board which was referred to in the report.

The Chair thanked Ms Cox and her Internal Audit team for the actual performance set out in the report for 2022/23, including the improvement in completions.

**RESOLVED:** That the Chief Internal Auditor's Annual Report be endorsed by the Committee.

**ACTION:** That a relevant officer be required to provide further information on the work of the Climate Change Programme Board.

In addition to highlighting the recruitment situation, including appointing a new Internal Audit Apprentice in October 2022 and seeking to appoint a Senior Auditor, Ms Cox stated that it was her aim to measure in 2023/24 and report on the number of repeat actions / findings (if any) that are raised, where follow up audits identify those actions that have not been implemented effectively and the risk/issues previously identified still exist. She would be providing a progress report on the Plan at the September meeting of the Committee.

It was noted that there was the option to examine some of the scoping / terms of reference documents for planned audits as referred to in Appendix 2 of the report, such as Safeguarding Adults, Supported Transport and Local Transport Connectivity Plan, at the Audit Working Group.

**RESOLVED:** That the Committee **NOTED** the Internal Audit Strategy and Internal Audit Plan for 2023/24.

### **36/23 STATEMENT OF ACCOUNTS 2022/23**

(Agenda No. 7)

The report was presented by Lorna Baxter, Director of Finance. She stated that there were two parts to the report. One set out the approved Significant Accounting Policies which describe how the Council has interpreted and applied the CIPFA 2022/23 Code of Practice in Local Authority Accounting in the UK (the Code) and the basis of preparation of the accounts. These were adopted in keeping with the Statement of Accounts being produced. Ms Baxter stated that the accounting policies were in Annex 1 and the only change to these from the previous year was the section on Infrastructure Assets in paragraphs 45 to 51. As reported at previous meetings of the Committee, Infrastructure Assets had been a major issue in delays to the 2020/21 accounts.

It was explained that in respect of the other part of the report, the proposed timetable to produce the draft Statement of Accounts for 2022/23, CIPFA had requested that they were published by the end of May 2023. There were a number of challenges to the Council's Finance Team in relation to that. These included that the small Finance team, many of whom were new members, were working on three different years of audits simultaneously, including responding to queries for the 2020/21 audit, producing information for 2021/22 and seeking to put together the accounts for 2022/23. Also, with two years of open audits, it was not possible to know if there were any audit issues and any impact on prior year comparators for 2022/23 accounts. The Finance Team had also been responding to queries on 2020/21 and sample requests and evidence for 2021/22 which had delayed work beginning on the 2022/23 Statement of Accounts.

Ernst & Young (E&Y), the Council's external auditors, had informed the Council that they would not be commencing the 2022/23 audit before the beginning of 2024. In order that Finance had the opportunity to respond to audit queries and meet the priority of ensuring the previous years' audits were signed off, it was proposed to produce the draft Statement of Accounts for 2022/23 by the end of June. It was

emphasised that the end of May date for the draft Statement of Accounts was not a statutory deadline.

Ms Baxter and the Chair referred to the fact that there were a large number of Councils in the same position as Oxfordshire with a backlog of audits outstanding. In addition to the Infrastructure Assets issue, due to the 2020/21 accounts still being open, there was a potential impact arising from the triennial pension valuation which took place in December 2022.

It was agreed that advice would be taken on whether it would be helpful to make a public statement for the national reasons behind delays to sign off of the accounts.

**RESOLVED that:**

- 1) the proposed timetable to produce the draft Statement of Accounts for 2022/23 be endorsed by the Committee; and,
- 2) the accounting policies as approved by the Director of Finance and included as an annex to the report be ratified by the Committee.

**ACTIONS:**

- 1) Advice to be taken on whether it would be helpful to make a public statement for the reasons behind delays to the sign off of the accounts.
- 2) Lorna Baxter agreed to review the wording of Paragraph 53 of the accounting policies in Annex 1.

**37/23 UPDATE ON THE PROCUREMENT HUB AND THE IMPLEMENTATION OF THE SOCIAL VALUE POLICY**

(Agenda No. 8)

The Committee received a report providing an update to the Committee on the development of the Procurement Hub since the last report to the Committee in January 2021. It also reported on the implementation and progress of the Social Value Policy, which was approved by Cabinet in February 2022.

Melissa Sage, Head of Procurement Contract Management, advised that in respect of the Procurement Hub the team as an ongoing action had been updating documents, templates and the handbook. The contract procedure rules had been refreshed in October 2022. The team had also sought to strengthen the relationship between the Procurement Hub and Health, Education and Social Care (HESC), including implementing the Strategic Provision Board which involved senior members of both HESC and the Hub.

In respect of the Social Value Policy, Ms Sage explained that for all tenders over £100k there was a weighting between 12% and 16% for Social Value. This was in addition to the price quality scoring that was part of the tender process. The suppliers were given a choice to select where their Social Value funding would go. This was assessed by the Council's partner, the Social Value Portal, who were experts in this area and provided their scoring and feedback as part of the overall

tender evaluation. The Social Value Portal were also responsible for tracking and monitoring the Social Value once the contract was put in place.

Ms Sage emphasised that it was the first full year that the Policy was in place and given the timescales involved, including running procurements, evaluating tenders and the spend having to exceed the £100k threshold, the report only reflected about half a year since its introduction when Social Value Portal's tracking and monitoring came into operation. She added that £2.1m Social and Local Economic Value had been delivered to date and most was in the category of local employment and local skills.

The funds being in the category of local employment and local skills was welcomed. The Committee requested that there was a follow up report on the Social Value Policy when there was sufficient data and a review provided for the whole first year. It was recommended that consideration was given to whether it was possible for the Council to direct the procurers on the destination of the Social Value funding rather than the procurers entirely deciding themselves.

It was also noted by the Committee that Social Value Portal was able to convert the social value offered and convert it into a pound sterling figure in order that the Procurement Team could compare the different supplier offers on a like for like basis. It was recommended that more clarification was given from Social Value Portal regarding the bar charts they provided in their presentation, including for the Diverse Local Employment and Skills in Annex 2 of the report.

**RESOLVED:** That the Committee **NOTED** the development of the Procurement Hub as a service and the implementation of the Social Value Policy.

### **38/23 ERNST & YOUNG VERBAL UPDATE**

(Agenda No. 9)

Maria Grindley and Adrian Balmer of E&Y took items 9 and 10 on the agenda together as the key aspect of the verbal update was the 2020/21 draft audit results. E&Y had received a draft set of final statements from the Council's Finance Team and had subsequently reviewed them and responded. Once the Finance Team replied to these final queries, it was anticipated that the 2020/21 audit would be signed off and completed within the next week or so.

Ms Grindley and Mr Balmer stated that in relation to two issues which had particularly impacted on the 2020/21 audit, the infrastructure assets work referred to at previous meetings and in the Draft Audit Results Report had been completed. The necessary work in relation to the triennial valuations was well progressed and it was hoped that it would be concluded by the end of the week.

It was confirmed that it was intended to focus on the 2021/22 audit later in the summer. This process had already commenced.

**RESOLVED:** That the Committee **NOTED** the verbal update.

**39/23 2020/21 DRAFT AUDIT RESULTS REPORT**

(Agenda No. 10)

The Committee noted that the 2020/21 Draft Audit Results Report included updates (in green ink) from the previous meeting in March and were the final matters that E&Y and the Council's Finance Team had been working on before the 2020/21 audit was signed off.

**RESOLVED:** That the Committee **NOTED** the 2020/21 Draft Audit Results Report.

**40/23 ANNUAL GOVERNANCE STATEMENT 2022/23**

(Agenda No. 11)

Ms Bradley, introducing the item, confirmed that the Chief Executive had requested that further work be carried out by the Strategic Leadership Team (SLT) before the Annual Governance Statement was brought back to the Committee for approval. Additional assurance work was being undertaken by each member of SLT in conjunction with their directorate and corporate services by 31 May. The Annual Governance Statement was now scheduled for the Audit and Governance Committee meeting on 19<sup>th</sup> July.

**RESOLVED:** That the Committee **NOTED** the update on the Annual Governance Statement for 2022/23.

**41/23 REVIEW OF AUDIT AND GOVERNANCE COMMITTEE TERMS OF REFERENCE**

(Agenda No. 12)

It was agreed that the item reviewing the Committee's Terms of Reference would be withdrawn at the current meeting and scheduled for the next meeting in July in order to take into account further updates.

**RESOLVED:** That the item be withdrawn and scheduled for the next meeting of the Committee on 19<sup>th</sup> July.

**42/23 AUDIT WORKING GROUP UPDATE**

(Agenda No. 13)

The Committee heard from Ms Cox and the Chair of the Working Group, Dr Geoff Jones, in relation to the Audit Working Group meeting held on 5 April 2023. There had been two main items on the agenda, 'Payments to Home Care Providers' and 'Fleet Management Compliance 2021/22 Audit Update'.

It was noted that in relation to the first of these items, an audit of the new payment arrangements was planned within the 2023/24 internal audit plan, and the results of the audit will be reported back to the Audit & Governance Committee through the internal audit routine quarterly reports. The Working Group would also be interested to be provided with further information relating to the service's review of the year one 'Living Well At Home' contract data, including in relation to quality control.

In respect of the Fleet Management item, the Committee was advised that officers had been invited to attend the September meeting of the Working Group in order to provide an update on the implementation of the project. There had been some reassurance from the Strategic Fleet Manager, in particular, in terms of compliance with the audit actions and proposals for the One Fleet project but there was some way to go in terms of all aspects of the projects being implemented, including rolling out the IT system and addressing contracts to replace the current fleet with electric vehicles.

The Chair and Deputy Chair encouraged Members of the Committee to attend the Audit Working Group meetings.

**RESOLVED:** That the Committee **NOTED** the report.

#### **43/23 AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME**

(Agenda No. 14)

It was agreed that the next meeting of the Committee in July would begin at 1pm due to the number and nature of the items scheduled, including the addition of the Annual Governance Statement and the Review of the Committee's Terms of Reference. Further communications would take place with the report authors for the papers in July as to whether there was the potential for any items to be moved to the following meeting in September. The Committee noted that there was potentially the option to move the 'Review of Member Code of Conduct Arrangements' to the following meeting as it was not time critical and requested that this item and the Health and Safety Annual Report were considered in September.

Members also recommended that the Committee's Terms of Reference and Internal Audit Charter items were circulated for comments prior to the July meeting in order to assist in reducing the length of the meeting.

There were two training sessions that had previously been suggested to take place prior to the July Committee meeting relating to Treasury Management and Risk Management. The Committee requested that they were re-scheduled for June and made available via Teams.

**RESOLVED:** That the next meeting of the Committee be scheduled to begin at 1pm.

#### **ACTIONS:**

- 1) To seek to move the 'Review of Member Code of Conduct Arrangements' and the Health and Safety Annual Report items from the July Committee meeting to the following meeting in September (Jonathan Deacon / Anita Bradley / Paul Lundy).
- 2) The Chief Internal Auditor and the Head of Governance to circulate the Committee's Terms of Reference and Internal Audit Charter items ahead of the next meeting in July (Sarah Cox / Simon Harper).
- 3) The Treasury Management and Risk Management training sessions to be re-scheduled in June (Jonathan Deacon / Tim Chapple / Louise Tustian).

..... in the Chair

Date of signing .....

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Division(s): N/A

ITEM

## AUDIT & GOVERNANCE COMMITTEE 19 JULY 2023

### TREASURY MANAGEMENT ANNUAL PERFORMANCE 2022/23

#### Report by the Director of Finance

#### RECOMMENDATION

1. **Audit & Governance Committee is RECOMMENDED to note the report, and to RECOMMEND Council to note the council's treasury management activity and outcomes in 2022/23.**

#### Executive Summary

2. Treasury management is defined as: "The management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks."
3. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management 2021' requires that the Council and Audit & Governance Committee receives a report on Treasury Management activities at least four times per year. This report is the final report for the financial year 2022/23 and sets out the position at 31 March 2023.
4. Throughout this report performance for the 2022/23 financial year is measured against the budget agreed by Council in February 2022.
5. At 31 March 2023, the council's outstanding debt totalled £306m and the average rate of interest paid on long-term debt during the year was 4.43%. £7m of maturing Public Works Loan Board (PWLB) loans were repaid during the year. No new external borrowing was arranged during 2022/23. The Council's debt financing position for 2022/23 is shown in Annex 1.
6. The [Treasury Management Strategy for 2022/23](#) agreed in February 2022 assumed an average base rate forecast of 0.35% consistent with rates at that time. The average daily balance of temporary surplus cash invested in-house was expected to be £341m in 2022/23.
7. The Council achieved an average in-house return for the year of 1.38% on average cash balances of £447.943m, producing gross interest receivable of £6.845m. In relation to external funds, the return for the year was 4.44% producing gross distributions totalling £4.447m, bringing total investment income to £11.292m. This compares to budgeted investment income of £5.352m, giving a net overachievement of £5.940m. £5.043m of this was used to fund the indexation of Section 106 funding held by the council.

8. At 31 March 2023, the council's investment portfolio of £548.301m comprised £434.500m of fixed term deposits, £18.443m at short term notice in money market funds and £95.358m in pooled funds with a variable net asset value. Annex 4 provides an analysis of the investment portfolio at 31 March 2023.

9.

## **Treasury Management Activity**

### **Debt Financing & Maturing Debt**

10. The Strategy for Long Term Borrowing agreed in February 2022 included the option to fund new or replacement borrowing up to the value of £100m through internal borrowing. The aim was to reduce the Council's exposure to credit risk and reduce the cost of carry (difference between borrowing costs and investment returns) whilst debt rates remained higher than investment interest rates.
11. The council is able to borrow from the Public Works Loan Board (PWLB) or through the money markets. At the start of the financial year, global economic events led to interest rates unexpectedly rising sharply, but with an expectation that they would reduce over the medium term. The original budget had assumed £46m of new external borrowing, however, as the council was able to undertake internal borrowing no new external borrowing was arranged during 2022/23.
12. As at 31 March 2023, the authority had 46 PWLB loans totalling £256.383m, 9 LOBO<sup>1</sup> loans totalling £45m and one £5m money market loan. The average rate of interest paid on PWLB debt was 4.65% and the average cost of LOBO debt in 2022/23 was 3.94%. The cost of debt on the money market loan was 3.95%. The combined weighted average for interest paid on long-term debt was 4.44%. The Council's debt portfolio as at 31 March 2023 is shown in Annex 1.
13. The Council repaid £7m of maturing PWLB loans during the year. The weighted average interest rate payable on the matured loans was 5.67%. The outturn for interest payable in 2022/23 was £13.8m which was below the budgeted figure of £14.4m. The details are set out in Annex 2.

### **Investment Strategy**

14. In line with the CIPFA Code of Practice on Treasury Management, the council prioritised security and liquidity of cash above the requirement to maximise returns during 2022/23. Fixed deposits, call accounts, notice accounts, money market funds and pooled funds were utilised to deposit the council's in-house cash surpluses. Credit quality information regarding the institutions on the council's approved Lending List was continuously monitored to reduce risk.
15. Because of continued volatility in financial markets during 2022/23, exposure to banks was limited by lending to local authorities in the United Kingdom. At 31 March 2023 the council had £69.7m of long-term fixed deposits (deposits over 364 days), all of which were placed

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

with local authorities. The aim was to maintain a high level of security and manage exposure to interest rate and counterparty risk.

16. The 2022/23 Treasury Management Strategy allowed for 50% of the total portfolio to be held in Strategic Pooled funds and this policy was maintained throughout the year, although the value held in these funds was consistently well-below that maximum.
17. The weighted average maturity of all deposits at 31 March 2023, including money deposited in short-term notice accounts, was 229 days (compared with 259 days during 2021/22). The decrease compared to 2021/22 reflects the opportunity to take advantage of increasing interest rates in an environment of rapidly increasing interest rates.

### **The Council's Lending List**

18. In-house cash balances are deposited with institutions that meet the council's approved credit rating criteria. The approved lending list, which sets out those institutions, is updated to reflect changes in bank and building society credit ratings. Changes are reported to Cabinet as part of the Business Management & Monitoring Report. The approved lending list may also be further restricted by officers, in response to changing conditions and perceived risk. There were no changes to the lending list in 2022/23.

### **Investment Income Received in 2022/23**

19. Temporary surplus cash balances include: developer contributions; council reserves and balances; and various other funds to which the Council pays interest at each financial year end. The budgeted return on these in-house balances for 2022/23 was 0.35% and assumed an average in-house cash balance of £340.630m.
20. The actual average daily balance of temporary surplus cash invested in-house was £447.943m in 2022/23 and the average in-house return was 1.38%, producing gross interest receivable of £6.845m. Gross distributions from pooled funds totalling £4.447m were also realised in year, bringing total investment income to £11.292m. This compares to budgeted investment income of £5.352m, giving a net overachievement of £5.940m. This reflects a combination of higher than forecast average cash balances, rapidly increasing interest rates, and higher than forecast distributions from pooled funds. £5.043m of this overachievement was used to fund the indexation of Section 106 funding held by the council.
21. Cash balances for the year were lower than they otherwise would have been as a result of negative DSG balances which increased from £29.8m at 1 April 2022 to £41.1m at 31 March 2023. The impact of this is an estimated opportunity cost of £0.49m in unearned interest during 2022/23
22. The Council operates a number of instant access call accounts and money market funds to deposit short-term cash surpluses. During 2022/23 the average balance held on instant access was £42.499m.
23. At 31 March 2023 the total value of pooled fund investments was £95.358m. The values as at 31 March 2023 represented a book value loss of £10.168m compared to the value at 31

March 2022. The decrease was due to the extreme global financial volatility as a result of the war in Ukraine.

24. At 31 March 2023, the Council's investment portfolio of £548.301m comprised £434.500m of fixed term deposits, £18.443m at short term notice in money market funds and £95.358m in pooled funds with a variable net asset value. Annex 4 provides an analysis of the investment portfolio at 31 March 2023.
25. During 2022/23 the Council entered into a new Revolving Credit Facility (RCF) of £10m with Network Homes Ltd. None of the RCFs in place during the year were utilised. Non utilisation fees for the facilities produced £0.080m interest for the year.
26. The Council's Treasury Management Strategy Team regularly monitors the risk profile of the Council's investment portfolio. An analysis of the credit and maturity position of the portfolio at 31 March 2023 is included at Annex 3.

## **Prudential Indicators for Treasury Management**

27. During the financial year, the Council operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy for 2022/23. The outturn for the Prudential Indicators is shown in Annex 4.

## **External Performance Indicators and Statistics**

28. The Council's treasury management advisors Link Treasury Services benchmark the Council's investment performance against its other clients on a quarterly basis. The results of the quarter 4 benchmarking to 31 March 2023 are included in Annex 5.
29. The benchmarking results show that the Council was achieving lower than average interest on deposits at 31 March 2023 compared to the benchmark group. This is as result of placing deposits with institutions that are of higher than average credit quality, coupled with a lag on average returns due to on-going historic loans taken out before the period of global economic volatility.

## **Financial Implications**

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

Comments checked by:

Kathy Wilcox, Head of Financial Strategy, [kathy.wilcox@oxfordshire.gov.uk](mailto:kathy.wilcox@oxfordshire.gov.uk)

## **Legal Implications**

31. The report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply

with both Codes through Regulations issued under the Local Government Act 2003. There are no other legal implications.

Comments checked by:

Jennifer Crouch, Principal Solicitor, [jennifer.crouch@oxfordshire.gov.uk](mailto:jennifer.crouch@oxfordshire.gov.uk)

## **Sustainability Implications**

32. This report is not expected to have any negative impact with regards to the Council's zero carbon emissions commitment by 2030.

**Lorna Baxter**  
**Director of Finance**

**Contact officer: Tim Chapple**  
**Telephone Number: 07917 262935**  
**June 2023**

## OXFORDSHIRE COUNTY COUNCIL DEBT PROFILE 31 MARCH 2023

LOAN No	£m	RATE %	Start Date	End Date	LOAN No	£m	RATE %	Start Date	End/Call Date
480867	2.000	5.625	23/04/1998	30/04/2023	492386	2.000	4.350	03/11/2006	01/04/2027
480915	2.000	5.625	30/04/1998	22/05/2023	492535	10.000	4.200	29/11/2006	30/06/2037
483469	3.000	4.250	12/11/1999	22/11/2024	492561	6.000	4.250	07/12/2006	30/06/2032
483659	2.000	4.250	25/11/1999	30/04/2025	492598	8.000	4.500	18/12/2006	30/04/2027
487777	4.000	4.650	16/05/2003	01/05/2028	492599	6.000	4.500	18/12/2006	31/05/2027
488204	8.000	5.000	27/10/2003	01/11/2023	492789	6.000	4.500	24/01/2007	31/01/2032
488562	7.650	4.700	19/03/2004	16/03/2030	492990	6.000	4.450	06/03/2007	31/03/2032
488563	1.733	4.700	19/03/2004	16/03/2030	492807	4.000	4.250	25/01/2007	30/06/2053
488989	6.000	4.850	16/08/2004	13/07/2030	493378	4.000	4.900	11/06/2007	30/06/2032
489168	6.000	4.700	22/10/2004	01/03/2030	493638	6.000	4.550	02/08/2007	30/09/2052
489287	6.000	4.600	22/11/2004	01/04/2032	493803	4.000	4.650	23/08/2007	20/09/2032
489429	6.000	4.550	02/12/2004	01/06/2032	493822	6.000	4.450	23/08/2007	30/09/2053
489856	5.000	4.600	06/05/2005	01/05/2033	494069	6.000	4.500	21/11/2007	30/09/2052
490105	5.000	4.450	23/05/2005	01/12/2033	494171	6.000	4.480	27/12/2007	31/03/2052
491669	4.000	4.450	23/05/2006	14/06/2026	494200	6.000	4.420	04/01/2008	31/03/2057
491948	5.000	4.650	16/08/2006	31/12/2026	494703	6.000	4.460	04/08/2008	13/07/2058
491957	4.000	4.500	18/08/2006	31/12/2031	494747	10.000	4.390	15/08/2008	26/03/2058
491958	4.000	4.500	18/08/2006	30/09/2031	497549	5.000	4.190	08/07/2010	14/06/2054
491959	2.000	4.600	21/08/2006	30/04/2027	LOBO 06	5.000	4.290	27/04/2005	27/10/2023
491960	10.000	4.600	21/08/2006	30/09/2026	LOBO 07	5.000	4.500	27/04/2005	27/10/2023
492021	5.000	4.350	25/08/2006	22/11/2031	LOBO 08	5.000	3.950	31/05/2005	29/05/2065
492063	5.000	4.450	31/08/2006	31/03/2028	LOBO 09	5.000	3.680	23/11/2005	24/11/2025
492064	5.000	4.450	31/08/2006	30/04/2027	LOBO 10	5.000	3.800	31/07/2006	29/07/2023
492088	4.000	4.350	04/09/2006	02/03/2032	LOBO 11	5.000	3.840	31/07/2006	31/07/2026
492117	4.000	4.450	07/09/2006	02/03/2037	LOBO 12	5.000	3.825	02/10/2006	04/10/2027
492371	13.000	4.500	31/10/2006	31/12/2026	LOBO 13	5.000	4.010	02/10/2006	02/10/2024
492375	10.000	4.200	01/11/2006	31/12/2036	LOBO 14	5.000	3.820	31/08/2006	31/08/2023
492376	10.000	4.200	01/11/2006	31/03/2037	LOBO 15	5.000	3.720	21/09/2006	13/10/2027
					<b>TOTAL</b>	<b>306.383</b>			

## Long-term debt that Matured in 2022/23

<b>Date</b>	<b>Amount £m</b>	<b>Rate %</b>	<b>Repayment Type</b>
26/03/2023	1.684	6.625	Maturity
26/03/2023	0.316	6.625	Maturity
31/12/2022	1.000	6.250	Maturity
31/10/2022	4.000	5.050	Maturity
<b>Total</b>	<b>7.000</b>		

## Repayment Types

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

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

## OXFORDSHIRE COUNTY COUNCIL INVESTMENT PORTFOLIO 31/03/2023

## Fixed term deposits held at 31/03/2023

Counterparty	Principal Deposited	Maturity Date
Uttlesford District Council	£5,000,000.00	19/06/2023
Blaenau Gwent County Borough Council	£3,000,000.00	10/07/2023
Staffordshire Moorlands District Council	£3,000,000.00	31/07/2023
South Ayrshire Council	£3,000,000.00	22/02/2024
Gravesham Borough Council	£5,800,000.00	15/03/2024
Cambridgeshire County Council	£10,000,000.00	22/11/2023
Kirklees Council	£5,000,000.00	15/02/2024
Somerset West and Taunton Council	£10,000,000.00	03/04/2023
Peterborough City Council	£5,000,000.00	03/04/2023
Aberdeenshire Council	£5,000,000.00	05/04/2023
Moray Council	£5,000,000.00	05/04/2023
Liverpool City Council	£10,000,000.00	06/04/2023
Stockport Metropolitan Borough Council	£10,000,000.00	19/04/2023
West Dunbartonshire Council	£5,000,000.00	19/04/2023
Sandwell Metropolitan Borough Council	£5,000,000.00	25/04/2023
Cherwell District Council	£5,000,000.00	27/04/2023
Rushmoor Borough Council	£5,000,000.00	28/04/2023
West Dunbartonshire Council	£6,000,000.00	02/05/2023
Police and Crime Commissioner for Merseyside	£5,000,000.00	03/05/2023
Blackpool Council	£8,000,000.00	04/05/2023
Basildon Borough Council	£5,000,000.00	05/05/2023
Surrey County Council	£5,000,000.00	30/06/2023
South Ayrshire Council	£5,000,000.00	03/07/2023
Surrey Heath Borough Council	£6,000,000.00	16/06/2023
South Cambridgeshire District Council	£5,000,000.00	26/07/2023
West Dunbartonshire Council	£5,000,000.00	26/07/2023
Surrey County Council	£5,000,000.00	24/04/2023
The Highland Council	£5,000,000.00	09/08/2023
Bradford Metropolitan District Council	£10,000,000.00	01/09/2023
Manchester City Council	£5,000,000.00	01/09/2023
Plymouth City Council	£5,000,000.00	06/09/2023
London Borough of Brent Council	£5,000,000.00	07/09/2023
The Highland Council	£5,000,000.00	10/10/2023
South Ayrshire Council	£5,000,000.00	11/10/2023
Powys County Council	£10,000,000.00	12/10/2023
Plymouth City Council	£10,000,000.00	19/10/2023
London Borough of Hillingdon Council	£5,000,000.00	26/10/2023
Medway Council	£5,000,000.00	06/11/2023
West Dunbartonshire Council	£5,000,000.00	20/11/2023
Wrexham County Borough Council	£5,000,000.00	22/11/2023



<b>Counterparty</b>	<b>Principal Deposited</b>	<b>Maturity Date</b>
Medway Council	£5,000,000.00	23/11/2023
Worcestershire County Council	£5,000,000.00	08/12/2023
Great Yarmouth Borough Council	£6,000,000.00	13/12/2023
Watford Borough Council	£5,000,000.00	14/12/2023
Wrexham County Borough Council	£5,000,000.00	20/09/2023
Ashford Borough Council	£5,000,000.00	22/09/2023
Cambridgeshire County Council	£5,000,000.00	10/01/2024
Denbighshire County Council	£5,000,000.00	18/01/2024
Manchester City Council	£10,000,000.00	23/01/2024
Fife Council	£5,000,000.00	24/01/2024
Oadby and Wigston Borough Council	£8,000,000.00	24/01/2024
East Dunbartonshire Council	£5,000,000.00	07/08/2023
East Dunbartonshire Council	£5,000,000.00	15/08/2023
Falkirk Council	£5,000,000.00	25/01/2024
Fife Council	£5,000,000.00	25/01/2024
Guildford Borough Council	£10,000,000.00	25/01/2024
Falkirk Council	£5,000,000.00	04/09/2023
Plymouth City Council	£5,000,000.00	07/11/2023
Reading Borough Council	£5,000,000.00	14/08/2023
London Borough of Newham Council	£5,000,000.00	21/08/2023
London Borough of Newham Council	£5,000,000.00	14/09/2023
London Borough of Waltham Forest Council	£5,000,000.00	01/09/2023
Gravesham Borough Council	£6,000,000.00	07/03/2024
<b>Short Term Deposit Total</b>	<b>£364,800,000.00</b>	
<b>Counterparty</b>	<b>Principal Deposited</b>	<b>Maturity Date</b>
South Ayrshire Council	£5,000,000.00	24/05/2024
Rotherham Metropolitan Borough Council	£5,000,000.00	26/04/2024
Rotherham Metropolitan Borough Council	£5,000,000.00	26/04/2024
Gravesham Borough Council	£2,500,000.00	26/04/2024
Rotherham Metropolitan Borough Council	£5,000,000.00	30/09/2024
Gravesham Borough Council	£2,400,000.00	26/04/2024
Gravesham Borough Council	£1,800,000.00	26/04/2024
Falkirk Council	£5,000,000.00	03/01/2025
Falkirk Council	£5,000,000.00	31/01/2025
Worthing Borough Council	£3,000,000.00	19/11/2024
Police and Crime Commissioner for Lancashire	£5,000,000.00	06/01/2025
Police and Crime Commissioner for Lancashire	£5,000,000.00	14/04/2025
Cambridgeshire County Council	£5,000,000.00	15/08/2024
Kirklees Council	£5,000,000.00	15/08/2025
North East Lincolnshire Council	£5,000,000.00	21/11/2025
Worthing Borough Council	£5,000,000.00	21/11/2025
<b>Long Term Deposit Total</b>	<b>£69,700,000.00</b>	

Counterparty	Principal Deposited	Maturity Date
<b>Total Deposits</b>	<b>£434,500,000.00</b>	

### Money Market Funds

Counterparty	Balance at 31/03/23 (£)	Notice period
Aberdeen Liquidity Fund	646.87	Same day
Goldman Sachs Sterling Liquid Fund	0.00	Same day
Deutsche Sterling Liquid Fund	0.00	Same day
Federated Sterling Liquidity Funds	26,567.35	Same day
Legal & General Sterling Liquidity Fund	13,400,000.00	Same day
CCLA Public Sector Deposit Fund	5,000,000.00	Same day
Morgan Stanley Sterling Liquid Fund	10,386.75	Same day
<b>Total</b>	<b>18,437,600.97</b>	

### Notice / Call Accounts

Counterparty	Balance at 31/03/23 (£)	Notice period
Santander Call Account	3,643.29	Same day
Barclays Current	9,325.51	Same day
Handlesbanken	2,383.99	Same day
<b>Total</b>	<b>15,52.79</b>	

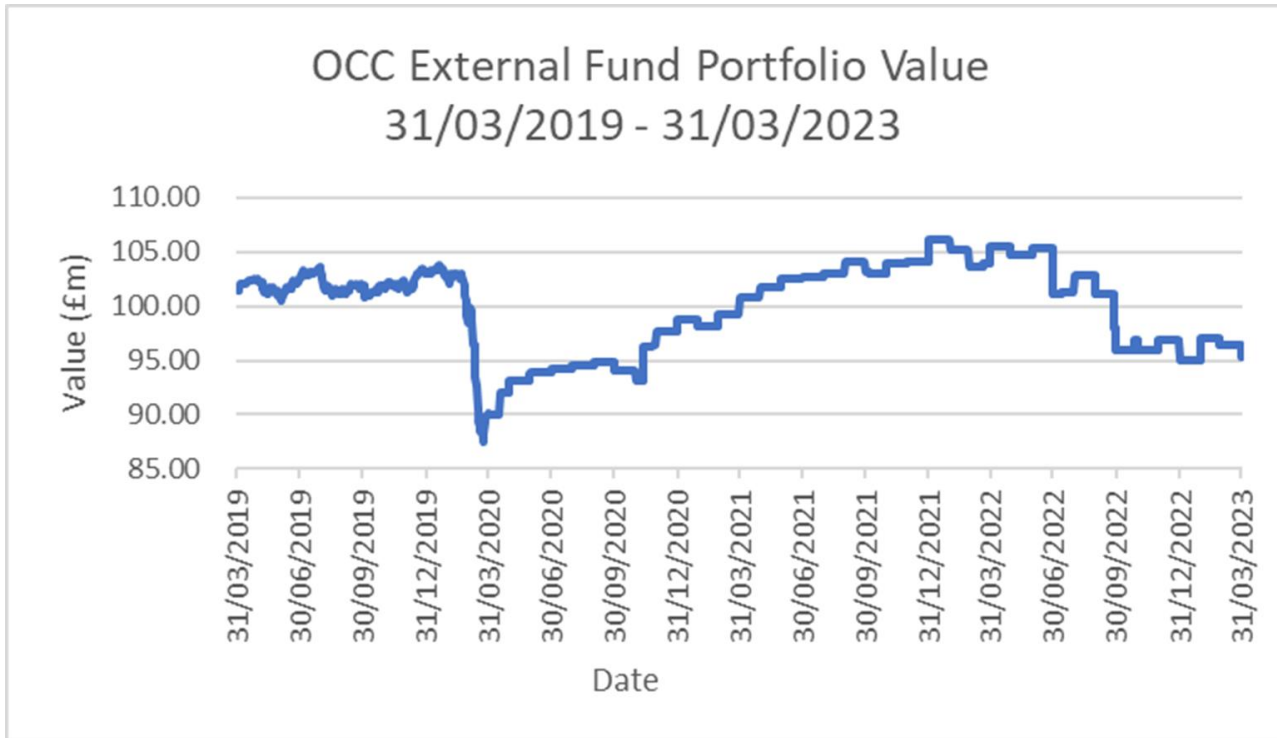
### Strategic Bond Funds

Fund	Balance at 31/03/23 (£)	Notice period
Threadneedle strategic bond fund (income)	11,839,123.89	4 days
Threadneedle Global Equity Income Fund	15,376,511.61	4 days
Kames Diversified Income	8,896,538.89	4 days
Ninety One Diversified Income	8,982,460.80	4 days
M&G Strategic Corporate Bond Fund	10,938,950.05	4 days
Schroder Income Maximiser	10,808,295.68	4 days
CCLA Diversified Income Fund	4,694,844.23	4 days
<b>Total</b>	<b>71,536,725.15</b>	

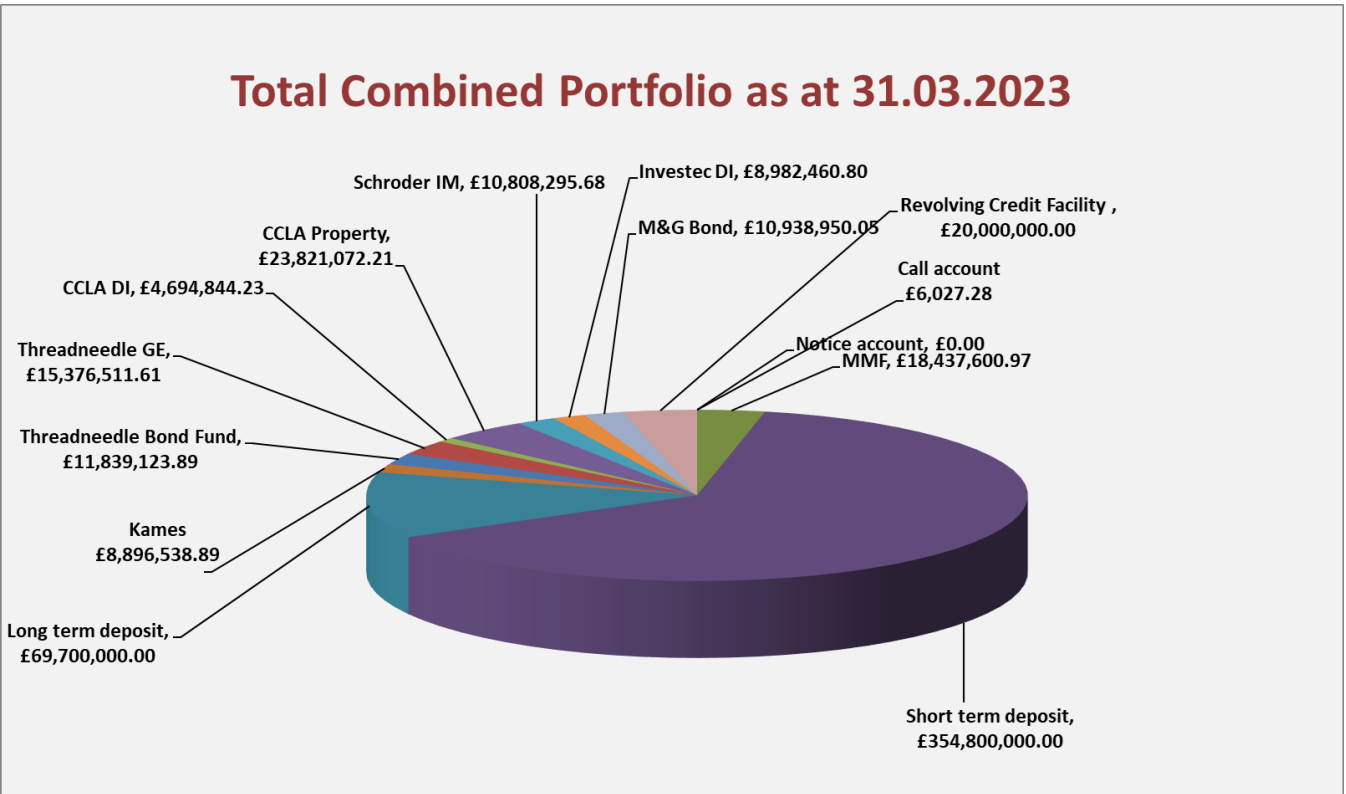
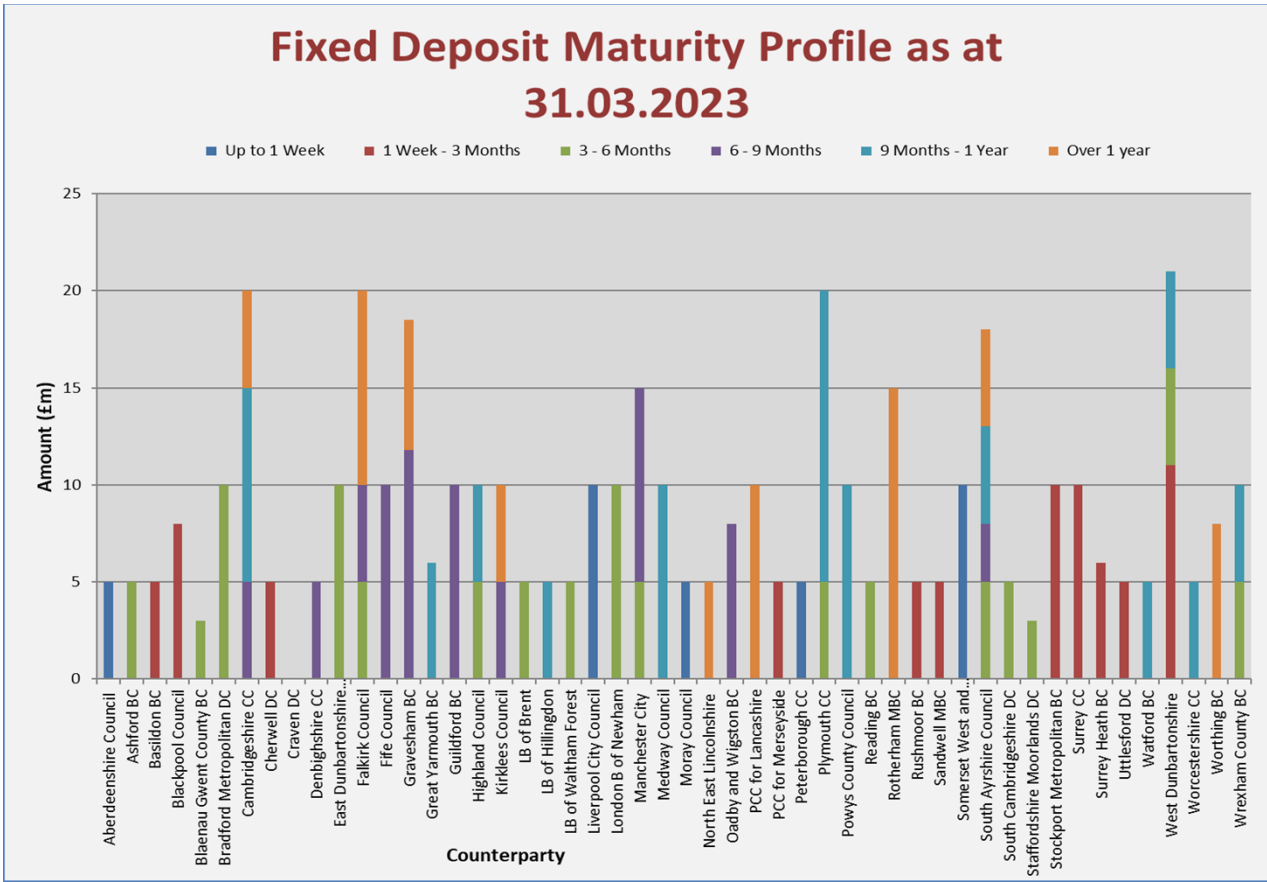
### Property Funds

Fund	Balance at 31/03/22 (£)	Notice period
CCLA Local Authorities Property Fund	23,821,072.21	Monthly
<b>Total</b>	<b>23,821,072.21</b>	

## Strategic Pooled Fund Portfolio Value Over Time



## Investment portfolio risk profile at 31/03/22



**Prudential Indicators Outturn 31 March 2023****Authorised and Operational Limit for External Debt**

Authorised Limit for External Debt	£495,000,000
Operational Limit for External Debt	£610,000,000
Actual External Debt at 31 March 2023	£306,382,618

**Fixed Interest Rate Exposure**

Fixed Interest Net Borrowing limit	£350,000,000
Actual at 31 March 2023	-£82,117,382

**Variable Interest Rate Exposure**

Variable Interest Net Borrowing limit	0
Actual at 31 March 2023	- £82,862,588

**Sums Invested over 364 days**

Total sums invested for more than 364 days maximum limit	£274,000,000
Actual sums invested for more than 364 days at 31 March 2023	£69,500,000

**Maturity Structure of Borrowing at 31/03/23**

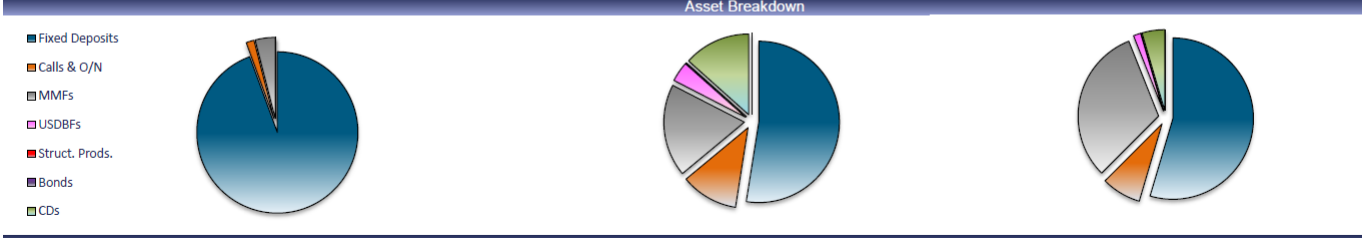
	Limit %	Actual %
From 01/04/22		
Under 12 months	0 - 20	9.79
12 – 24 months	0 - 25	5.55
24 months – 5 years	0 - 35	15.34
5 years – 10 years	5 - 40	24.93
10 years +	40 - 95	44.39

The Prudential Indicators for maturity structure are set with reference to the start of the financial year. The actual % shown above relates to the maturity period remaining at 01/04/22 on loans still outstanding at 31/03/23.

Benchmarking

Weighted Average Return

Oxfordshire County Council	Benchmarking Group 3 (11) Basic Portfolio Characteristics	English Counties (17)
WARoR	2.64%	3.68%
WAM	221	102
WATT	453	202
WA Credit Risk	1.06	2.36
Model WARoR	3.10%	3.57%
Difference	-0.46%	0.11%
Model Band	3.26% - 3.69%	3.36% - 3.78%
Performance	Below	Inline



Maturity Profiles

Oxfordshire County Council had a lower return compared to peers as at 31/03/2023, though with a much lower credit risk. The lower return was as a result of interest lag due to some historic loans.

## Divisions Affected - All

### AUDIT & GOVERNANCE COMMITTEE

19 JULY 2023

### Update on Statement of Accounts 2022/23

### Report by Director of Finance

#### RECOMMENDATION

1. **The Committee is RECOMMENDED to**

Note the timing for the 2022/23 Statement of Accounts along with the updates on prior years.

#### Executive Summary

2. This report sets out the approach taken to the preparation of the 2022/23 Statement of Accounts. It also provides a brief update to the prior years Accounts that remain unaudited.

#### Statement of Accounts

##### 2020/21

3. The audit of the 2020/21 is close to completion. The external auditor has made some further enquiries following their internal review. Clarification of these elements has been received and the intention is to reply to the queries by 7 July. Finalising the Accounts could then be completed by the end of July.

##### 2021/22

4. The external auditors are re-commencing the work on the 2021/22 Accounts in week commencing 10 July. They will confirm when their resources have been planned in for and begin to send through queries and samples as necessary. Weekly catch-up meetings will also start again, and it is hoped that significant progress can be made over July and August.

##### 2022/23

5. The Council is well placed to produce the Accounts for 2022/23. The draft accounts are set to be published on 17 July. A link to the draft accounts will be sent to the members of the Audit & Governance Committee upon publication. The audit of these accounts will commence later in the year only when 2021/22 Accounts have been signed off.

## Financial Implications

6. There are no financial implications arising from matters set out above.

Comments checked by:

Ian Dyson, Assistant Director of Finance, [ian.dyson@oxfordshire.gov.uk](mailto:ian.dyson@oxfordshire.gov.uk)

## Legal Implications

7. There are no legal implications arising directly from the measures set out. However, the Council will need to ensure that arrangements are put in place to comply with any amendments to the Local Audit and Accountability Act 2014, Accounts and Audit Regulations 2015 and statutory guidance, including the Code of Practice on Local Authority Accounting in England and Wales.

Comments checked by:

Anita Bradley, Monitoring Officer, [anita.bradley@oxfordshire.gov.uk](mailto:anita.bradley@oxfordshire.gov.uk)

LORNA BAXTER  
Director of Finance

Contact Officer: Richard Quayle, Chief Accountant,  
[Richard.quayle@oxfordshire.gov.uk](mailto:Richard.quayle@oxfordshire.gov.uk)

July 2023



## AUDIT AND GOVERNANCE COMMITTEE – 19 July 2023

### Annual Governance Statement 2022/23

#### Report by Monitoring Officer

#### RECOMMENDATION

1. The Audit & Governance Committee is RECOMMENDED to approve the Annual Governance Statement 2022/23, subject to the Monitoring Officer making any necessary amendments in the light of comments made by the Committee, after consultation with the Leader of the Council, the Chief Executive, and the Section 151 officer.

#### Executive Summary

2. The Audit & Governance Committee has the responsibility of approving the Council's Annual Governance Statement (AGS) each year.
3. Local authorities are required to prepare an AGS to be transparent about their compliance with good governance principles. This includes reporting on how they have monitored and evaluated the effectiveness of their governance arrangements in the previous year and setting out any planned changes in the coming period.

#### Format of the Annual Governance Statement

4. The format of the Annual Governance Statement (AGS) reflects the good practice guidance from CIPFA. The statement is also guided by CIPFA Advisory Note One, "Understanding the Challenge to Local Authority Governance" (March 2022) and describes the Council's governance framework, the steps the Council has taken to ensure that it is effective and establishes key actions that it will put in place to ensure the ongoing effectiveness of its arrangements.
5. The AGS includes:
  - An *opinion* on the Council's governance arrangements from the Council's senior managers and the leader of the Council
  - A review of the *effectiveness* of the Council's governance arrangements
  - A *conclusion* in relation to the effectiveness
  - A review of the *action plan* from last year's statement
  - An *action plan for 2023/24*
  - An *annex* summarising our governance framework
6. The AGS has been prepared by the Council's Corporate Governance Assurance Group (CGAG) which is responsible for monitoring the Council's governance arrangements during the year. The statement reflects enquiries

made of officers with relevant knowledge, experience, and expertise. The review has been undertaken in consultation with the Council's Head of Paid Service, the Monitoring Officer and Chief Finance Officer.

7. In preparing the AGS, CGAG had regards to a set of thematic corporate lead statements. These corporate lead statements are produced by service leads describing the governance in place during the 2022/23 year and highlighting areas of focus for 2023/24. CGAG then monitors these throughout the year.
8. A Governance Questionnaire was circulated to the Council's Extended Leadership Team (ELT) (consisting of mainly Directors or direct reports to Directors). Each ELT member was asked to assess the governance in their area and identify issues of concern and any actions in place.
9. Corporate Directors and Statutory Officers (s151 and MO) were asked to reflect on their own view of the governance within their directorates during 2022/2023 when completing their own Certificates of Assurance.
10. The Strategic Leadership Team (SLT) were asked in April 2023, to work with their managers and review all areas of assurance in their directorate
11. The action plan for 2023/24 will highlight certain aspects of governance which the CGAG consider requires a particular level of focus this year which might not otherwise be apparent from work regularly reported to the Committee. As such, progress reports on these actions will be reported to the Committee through the year. The AGS is therefore a means of giving the Committee, and the public, visibility on those areas of focus.
12. Other governance and audit activity across the Council will be reported to this Committee (and to the Audit Working Group) through the normal work programmes.

## **Conclusion**

13. Based on the position outlined in the AGS, the 'Opinion' expressed in the AGS is:

"It is our opinion that the Council's governance arrangements in 2022/23 were adequate and provide a platform for achieving the Council's priorities and challenges in 2023/24."

14. The Committee is invited to approve the AGS.

## **Financial Implications**

15. There are no direct financial implications arising from this report.

Comments checked by:

Ian Dyson, Assistant Director of Finance  
[ian.dyson@oxfordshire.gov.uk](mailto:ian.dyson@oxfordshire.gov.uk)

## **Legal Implications**

16. The Accounts and Audit Regulations 2015 require councils to undertake an annual review of their governance. The Regulations require that an Annual Governance Statement, prepared to fulfil this requirement, should form part of the Council's Statement of Accounts. The report is therefore coming to the Committee to meet this purpose and that timescale. A version of the AGS therefore needs to be approved at this meeting.
17. The Regulations also state that the Annual Governance Statement should be prepared in accordance with proper practices. Compliance with the CIPFA guidance (*Delivering Good Governance in Local Government: Framework (2016)*) fulfils this requirement. I confirm that the Statement put forward with this report is compliant with that guidance/framework and with the updated guidance issues by CIPFA to address the coronavirus outbreak.

Comments checked by:

Anita Bradley, Director of Law & Governance, and Monitoring Officer  
[anita.bradley@oxfordshire.gov.uk](mailto:anita.bradley@oxfordshire.gov.uk)

## **Staff Implications**

18. There are no direct staff implications arising from this report.

## **Equality & Inclusion Implications**

19. There are no direct equality and inclusion implications arising from this report.

## **Sustainability Implications**

20. There are no direct sustainability implications arising from this report.

## **Risk Management**

21. There are no direct risk management implications arising from this report.

**Anita Bradley, Director of Law & Governance, and Monitoring Officer**

Annex: Annex 1: Annual Governance Statement 2022/23

**Contact Officers:** Sarah Smith, Governance Officer  
[governance@oxfordshire.gov.uk](mailto:governance@oxfordshire.gov.uk)

July 2023



## Annual Governance Statement 2022/2023

### INTRODUCTION

1. Oxfordshire County Council is obliged to ensure it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.
2. In accordance with the Regulation 6 of the Accounts and Audit Regulations 2015, we have conducted a review of the effectiveness of our system of internal control in accordance with proper practice as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice: Delivering Good Governance in Local Government (2016).
3. Whilst supporting the Council's arrangements for risk management, the governance framework cannot eliminate all risk to the achievement of policies, aims and objectives and this review can therefore only provide reasonable and not absolute assurance of effectiveness.
4. Similarly, this review provides assurance that we have in place appropriate processes to ensure transparency and democratic oversight in decision making.
5. This statement is guided by CIPFA Advisory Note One, "Understanding the Challenge to Local Authority Governance" (March 2022) and describes our governance framework, the steps we have taken to ensure that it is effective and establishes key actions that we will put in place to ensure the ongoing effectiveness of our arrangements.
6. The review reflects enquiries made of officers with relevant knowledge, experience, and expertise. The review has been undertaken in consultation with the Council's Head of Paid Service, the Monitoring Officer, and Chief Finance Officer (Section 151 Officer).

### OUR GOVERNANCE FRAMEWORK

7. The governance framework at Oxfordshire County Council comprises the systems and processes, culture, and values which the council has adopted in order to deliver on the above principles. The council has a separate code of governance, "the Oxfordshire Code of Corporate Governance" which is

consistent with the principles of the CIPFA/SoLACE framework (2016). This is updated each year and evidence actively collated and assessed for compliance. Compliance with the code was reported to the Audit and Governance Committee on 15 March 2023.

8. This Statement provides:

- a. An *opinion* on the Council's governance arrangements from the Council's Strategic Leadership Team and the Leader of the Council
- b. A review of the *effectiveness* of the Council's governance arrangements during 2022/23
- c. A *conclusion* in relation to the effectiveness
- d. A review of the *action plan* completed in 2022/23
- e. An *action plan* for 2023/24
- f. An *annex* summarising our governance framework

9. As previously stated, the Annual Governance Statement is required by Regulation 6 of the Accounts and Audit Regulations 2015 and follows the best practice guidance from the Chartered Institute of Public Finance and Accounting.

## **ASSURANCE STATEMENT**

**It is our opinion that the Council's governance arrangements in 2022/23 were adequate and provide a platform for achieving the Council's priorities and challenges in 2023/24.**

## **SIGNATURES**

Signed on behalf of Oxfordshire County Council:

Martin Reeves  
Chief Executive

Councillor Liz Leffman  
Leader of the Council

# REVIEWING OUR EFFECTIVENESS DURING 2022/23

This review looks at:

- **Overview and review of overall effectiveness**
  - **Governance Actions – Review of 2022/23 and priorities for 2023/24**
  - **Governance Outline**
- **Decoupling from Cherwell District Council**
- **OUR AMBITIONS AND PEOPLE**
  - **Our strategic plan 2023 – 2025**
  - **Delivering the Future Together**
- **Appointment of new Chief Executive and our Statutory Governance Roles**
- **Risk Management**
- **Internal Audit 2022/23**
- **Financial Management Code**
- **Procurement**
- **Customer Feedback**
- **Service Issues**
- **Conclusion**

## Overview and review of overall effectiveness

1. The Council reviewed its overall effectiveness through a survey of all Directorates in early 2023. This required members of the Council's Extended Leadership team (consisting of mainly Directors or direct reports to Directors) to assess the level of assurance that they had in their service area regarding staff awareness and compliance in the following areas:
  - a. General corporate governance
  - b. Risk Management
  - c. Performance Management
  - d. Finance and Financial Management
  - e. Legislation
  - f. Human resources
  - g. Procurement and contract management
  - h. ICT and information governance
  - i. Health and Safety
  - j. Business Continuity
  - k. Property and security
  - l. Customer Focus
2. Any areas where issues were identified have been considered and will form part of the action plan for 2023/24.
3. Following on from the consideration at the Strategic Leadership Team of the survey responses, the Corporate Directors have each considered further the extent to which they have assurance that their Directorates adhere to the Council's corporate requirements. Again, any issues identified have been considered and will form part of the action plan for 2023/24.
4. In relation to the completion of the action plan for 2022/23, six of the eight action points were completed as outlined in Annex 1. The progress on these actions was reported to the Audit and Governance Committee throughout the year.
5. Specific action points for 2023/24 are set out in Annex 2, and this includes two actions that have been carried forward from the 2022/23 action plan, where actions remain outstanding. The Council believes these actions will help to establish some improved practices arising out of our active learning and experience in 2022/23.
6. Here are just some of ways in which the Council's governance has proved effective during 2022/23:
  - a) New scrutiny principles have been developed to build on the introduction of the new Scrutiny Committee structure.
  - b) A cross-party Member working group was established to review the Council's Constitution which made recommendations on improvements which were adopted by Council on 7 October 2022.
  - c) Electoral Review – The local government boundaries commission for England is undertaking a review of the electoral arrangements of the Council. This covers the total number of councillors to be elected to the Council, the names, number and boundaries of divisions, and the number of Councillors to be



elected from each division. A cross-party working group has undertaken detailed work on the review. The Commission supported the Council's submission for 69 single member divisions. The Working group has also developed new divisions and names, which received unanimous support of Council on 28 March 2023. The review process is likely to be completed in early 2024 in time for the County Council elections in May 2025.

- d) The Whistleblowing policy was reviewed and implemented on 23 November 2022 and is undergoing further review to reflect learning from whistleblowing reports considered in 2022/23.
- e) Following a motion to Council on 1 November 2022, the Council has established a Future Council Governance Group. The Group will report through the Audit & Governance Committee with the recommendations being submitted to Council in December 2023
- f) The Monitoring Officer provided her [annual report to the Audit and Governance Committee](#) on her view on the Council's governance arrangements. This review was formally reported to and endorsed by the Audit & Governance Committee on 21 September 2022. This report confirmed the progress in maintaining democratic accountability and transparency, with members continuing to undertake their role as community leaders

#### **Governance Actions – Review of 2022/23 and priorities for 2023/24**

7. The two annexes to this Annual Governance Statement summarise:

Annex 1: updates on the priority actions for 2022/23

Annex 2: actions for 2023/24

8. The Actions for 2022/23 in Annex 1 highlight certain aspects of emerging governance that might not otherwise be apparent from work regularly reported to the Council's Audit & Governance Committee. As such, progress reports on these actions are reported to the Committee through the year. The Actions for 2023/24 in Annex 2 will be monitored by the Corporate Governance Assurance Group (CGAG), and the Audit & Governance Committee.
9. Other governance and audit activity across the Council will continue to be reported to [Audit & Governance Committee](#) through its normal work programmes

#### **Governance in Outline**

10. Annex 3 sets out the Council's governance framework in outline. This framework was reviewed and updated in March 2023, by the Corporate Governance Assurance Group and Extended Leadership Team (ELT).

#### **Decoupling from Cherwell District Council**

11. The decision to terminate the S113 partnership agreement with Cherwell District Council was taken at the Council meeting on 8 February 2022. The Joint Officer Transition Working Group reported to the final Joint Shared Services and Personnel Committee (JSSP) on 4 July 2022. This followed the agreement to have a six-month termination period concluding on 31 August 2022. The final phase of

decoupling services was agreed, but the legal agreement is yet to be concluded and will appear in the action plan for 2023/24. The services that decoupled on 31 August 2022 were:

- Procurement and Contracts
- Customer Services
- Continuous Improvement
- Land Charges
- Property, Investment and Facilities Management
- Emergency Planning, Digital and IT services decoupled, but specific services continued to be provided by the Council to Cherwell District Council via Service Level Agreement(s) as required.

12. Subsequently, it has also been agreed that Regulatory and Community Services will be decoupled, and a six-month notice period commenced on 6 April 2023. This will also be formalised in the legal agreement as part of the action plan for 2023/24. Internal Audit and Counter Fraud services continue to be provided to both Councils.

## **OUR AMBITIONS AND PEOPLE**

### **Our strategic plan 2023 – 2025**

13. The Council's strategic plan 2023 – 2025 sets out a vision to lead positive change by working in partnership to make Oxfordshire a greener, fairer and healthier county.

14. The strategic plan sets out nine cross-cutting priorities and commitments to achieve the vision and the areas of focus. Our nine priorities are:

- i. Put action to address the climate emergency at the heart of our work.
- ii. Tackle inequalities in Oxfordshire.
- iii. Prioritise the health and wellbeing of residents.
- iv. Support carers and the social care system.
- v. Invest in an inclusive, integrated and sustainable transport network.
- vi. Preserve and improve access to nature and green spaces.
- vii. Create opportunities for children and young people to reach their full potential.
- viii. Play our part in a vibrant and participatory local democracy.
- ix. Work with local businesses and partners for environmental, economic and social benefit.

15. The plan sets out how the Council aims to achieve each priority and ways in which it will work with partners to create a more joined-up approach to delivering services.

## **Delivering the Future Together**

16. Delivering the Future Together (DTFT) is a programme of activities to help the Council to be the best it can be and become an employer of choice and ultimately a partner and place shaper of choice. DTFT underpins everything the Council does: how we work together; how we make decisions; how we engage with our people, manage change; and how we serve our residents.
17. The DTFT programme board prioritises initiatives which will deliver improvements for colleagues across the whole organisation. Listening and engaging with our employees is integral; every phase is co-designed with colleagues. Together we look to the future – its opportunities and challenges.

## **Our values and behaviours**

18. How the Council works together matters. By living our five values, we build on our strengths, reflect on lessons learnt and make continued improvements to deliver the future together – for our people and the communities we serve. The Council's five values are:
  - a. Be kind and care
  - b. Equality and Integrity in all we do
  - c. Always Learning
  - d. Taking Responsibility
  - e. Daring to do it differently

## **Our DTFT champions**

19. The Council has more than 190 colleagues from every service area who have volunteered to Champion the DTFT initiative and ensure that values and behaviours are imbedded in all aspects of the Council's work.
20. The champions' role is to facilitate regular conversations in their teams about what's working well and what could be even better. They encourage teams to think of examples where individuals and groups have lived our values and how this makes a difference. Their feedback to our extended leadership team helps us to continually improve – from identifying quick wins to prioritising future change projects.

## **DTFT achievements so far**

21. The following list sets out a number of cross-organisational achievements that have resulted from the DTFT programme. To date, the DTFT programme has:
  - a. Enabled the collaboration with colleagues to choose the Council's values and behaviours;
  - b. recruited more than 190 DTFT champions, appointed a network lead, provided ongoing training and support, and established a feedback loop;
  - c. refreshed the Council's training for managers on how to manage performance (12.3.2 framework) and invited all 900 managers to attend the workshops;
  - d. co-produced the Council's agile working framework;

- e. transformed internal communications following feedback from colleagues;
- f. procured and launched a new recognition and benefits platform (Vivup); and
- g. taken first steps to improve workspaces (refurbishing the Common Hall at County Hall, the Westgate Collaboration Space and Union Street).

## **Appointment of Chief Executive – and our statutory governance roles**

22. Stephen Chandler was appointed as Interim Chief Executive on 9 February 2022 until 28 February 2023. Martin Reeves was appointed as the permanent Chief Executive and commenced in role on 1 March 2023 following a recruitment process run by the Council's Remuneration Committee. Full Council approved the appointment on 13 December 2022.

23. The Council is required to appoint to three specific posts, each of which oversees a key aspect of the Council's governance:

- **Head of the Paid Service (HOPS)** role; responsible for how the Council's functions are delivered, and the appointment and proper management of staff. – For most of 2022/23 this was Stephen Chandler, Interim Chief Executive, who remained in post until 28 February 2023. As stated above, on 1 March 2023 Martin Reeves joined the Council as a permanent appointment to the post of Chief Executive:
- **Monitoring Officer** – and the Council's Director of Law and Governance, throughout 2022/23 has been and remains Anita Bradley.
- **'Section 151 Officer'** – the Chief Finance Officer, throughout 2022/23 has been and remains Lorna Baxter: responsible for the financial management of the authority.

24. Each of the postholders is an integral member of the Council's Strategic Leadership Team (SLT). As such, they are fully sighted on all of the Council's objectives, workstreams and emerging plans; and their perspectives and voices continue to be heard in, and to influence, this senior forum. In line with best practice, the Chief Finance Officer and Monitoring Officer report directly to the Chief Executive.

25. The Chief Finance Officer and the Monitoring Officer both have open access to the Chief Executive at all times and meet regularly as three statutory officers. They carry a statutory responsibility to report issues to Full Council, if needed. As such, the posts remain pivotal to the Council's good governance.

## **Risk Management**

26. Throughout 2022/23 the Corporate Director for Customers and Organisation Development and the Director of Finance had joint overarching responsibility for risk management. This function is led by the Head of Insight and Corporate Programmes and managed on a day-to-day basis by the Performance and Insight Team Leader.

27. The Risk and Opportunities Management Strategy is the foundation for the Council's approach to risk and opportunity management for the performance and

risk environment. This strategy is reviewed and updated where necessary on an annual basis. As well as collectively owning and supporting the Strategy ELT and SLT members work closely with the performance and Insight team to help implement the Strategy and embed risk management in OCC's everyday business delivering against the strategic priorities.

28. This strategy outlines the process of Identification, Assessment, Managing and Controlling and Review and Reporting of risks across the council. The following systems/mechanisms to ensure internal control have been in place throughout 2022/23 and are captured within the Strategy.



29. In terms of members' responsibility, Cabinet is responsible for approving the Risk and Opportunities Management Strategy. Audit and Governance Committee considered the draft Strategy and provided input and comments to Cabinet ahead of its approval. The Head of Insight and Corporate Programmes and Performance Team Leader supports the Group and directorates giving assurance around the escalation process into the Strategic risk register as necessary. The directorates are responsible for their operational risk registers.
30. Risk information above directorate level is primarily communicated through the monthly Business Management and Monitoring Reports, which include the most recent iteration of the Strategic risk register overview. Escalation of risks to the Strategic risk register is outlined on the risk management pages. Risks are discussed at SLT for consideration of including risks at strategic level or keeping at operational level with a verbal update as to progress.

### Internal audit in 2022/23

31. The 2019 CIPFA Statement on the "Role of the Head of Internal Audit in public service organisations" outlines the principles that define the core activities and behaviours that belong to the role of the 'Head of Internal Audit' and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement with our Chief Internal Auditor carrying out the following:

- objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control
  - championing best practice in governance and commenting on responses to emerging risks and proposed developments.
  - being a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee
  - leading and directing an internal audit service that is resourced appropriately, sufficiently, and effectively
  - being professionally qualified and suitably experienced.
32. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The self-assessment against the standards is completed on an annual basis. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This took place in November 2017 and the results were reported to the Audit & Governance Committee in January 2018. This confirmed that the “service is highly regarded within the Council and provides useful assurance on its underlying systems and processes”. The next external assessment was due in 2022/23 however was delayed due to recruitment/staffing issues within the team. An assessor is currently being selected and the review will be completed by December 2023.
33. The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2023, there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control. Where issues have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.
34. As part of governance arrangements between Oxfordshire County Council and the Hampshire Partnership/Integrated Business Centre (IBC), Hampshire provide annual assurance on the adequacy and effectiveness of governance, risk management and control from the work carried out via the IBC. This is provided through a commissioned Service Organisation Controls review under ISAE 3402. (International Auditing and Assurance Standards Board –which provides a framework for reporting on the design and compliance with control objectives related to financial reporting). The report for 2022/23 concludes that the key financial system controls were suitably designed and operated effectively, with no exceptions noted.
35. Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team and the Audit Working Group. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

## **Financial Management Code ('FM Code')**

36. A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. In accordance with the CIPFA Financial Management (FM) Code, local authorities should disclose compliance with the FM Code in the AGS and identify any outstanding areas for improvement or change.
37. There are clear links between the FM Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As set out in Annex 4, an assessment has been made of the Council's current compliance with the Code for 2022/23.
38. The assessment identified the Council's compliance for the year, and 16 of the 17 standards have been assessed as "Green" meaning that compliance can be evidenced. Further work is required for the first standard, and this is identified on the assessment as an "amber" rating. Proposed further actions to be taken to enhance compliance for this area have been included in the assessment.

## **Procurement**

39. The Contract Procedure Rules have been reviewed and refreshed in 2022 as part of the Constitution, to ensure that they fully reflect the operational requirements of the role. These are supported by the templates and processes in the Procurement Handbook, which covers all aspects of procurement and commissioning, and which again is reviewed on an annual basis to ensure that they are relevant and comply with best practice.

## **Customer Feedback**

40. The Customer Feedback team within the Customer Service Centre are responsible for the Corporate & Statutory complaints processes, and the coordination of all requests for information that fall under the Freedom of Information Act (FOIA)/Environmental Information Regulations (EIR).
41. Statutory and Corporate Complaints – In 2022/2023, the council received 618 complaints (432 in 21/22). Time taken to respond to complaints within timescale remains an area for improvement. A number of initiatives are underway to improve the resolution, and they include the migration of the process to a new system, working closely with directorates to manage the workflow, enhanced reporting capability and ownership from a senior leadership perspective. The team work closely with Access & Disclosure Officers in Law and Governance to ensure a consistent approach and appropriate communication on Local Government & Social Care Ombudsman (LGSCO) enquiries.

42. FOIA/EIR – currently being worked upon to migrate onto the FOI module of Information electronic case system. The process is managed by a dedicated FOI lead and utilisation of a sophisticated monitoring tool, which identifies breaches and delays in response. This is followed up by manual reminders. The team work closely with Access & Disclosure Officers in Law and Governance. The relevant teams work closely on cases where there is synergy.

## **Service Issues**

### **HR Policies and Procedures**

43. Following the need identified in 2022/23 in 2023/24 there will be an ongoing review of the Council's Human Resources (HR) policies and procedures, where specific policies will be reviewed and updated, and associated procedural/guidance documents will be refreshed/reviewed to support these policies.
44. The HR Policy Manager and wider HR & Organisational Development team are working together on driving policy development and process improvements at the Council. There will be a comprehensive review of the Council's HR policies ensuring that all HR policies support the council's Workforce Strategy, comply with employment law, promote leading employment practice, consistency of approach to people management, and are straightforward and easy to use.

### **Specific policy areas**

45. Twelve policies set out in the Action plan for 2023/24 have been prioritised based on organisational and workforce needs. As well as ensuring they support the Workforce strategy, the HR policies are priority where issues or gaps have been identified through HR, managers, union, and employee network meetings. The Domestic abuse - supporting policy and guidance has been identified as a priority to review in 2023 to assist in identifying and supporting victims of domestic abuse.

## **Capital Governance**

46. New governance was introduced in 2022/23 to provide clarity on decision making regarding entry of schemes into the Capital Programme, and the management and oversight of the Capital Programme. There are Capital Programme Boards established for Major Infrastructure, Highways, Property, and IT and Digital. These report monthly to the Strategic Capital Board (SCB).
47. The SCB has delegated authority from the Strategic Leadership Team to develop the capital and investment strategy and oversee the council wide capital programme to ensure it delivers to that strategy. The role of the Board is to ensure the capital programme provides value for money and reflects the strategic priorities of the Council. The SCB obtains assurance on the delivery of the Capital Programme and the outcomes from the Director of each capital Programme Board and reviews the overall performance and risk management through exception reporting with a focus on variations in time, scope, and cost.



## **Capital Programme**

48. Inflation within the construction sector – labour, materials, plant – is impacting upon the overall Capital Programme and especially Major Infrastructure delivery. Measures are in place to ensure that cost estimates received from the external market and also our internal Business Case funding allocations are built using the most recent inflation indices available (BCIS based). A wider external review of Major Infrastructure governance is also being commissioned to ensure OCC's programme is deliverable and that the risks to OCC are actively and accurately assessed.

## **Adult Social Care**

49. Oxfordshire became a Trailblazer authority working with the Department of Health and Social Care (DHSC) to help shape charging reform, positively contributing to the national reform agenda. An accelerated programme was established to implement Adult Social Care Reform within a project management structure to ensure readiness for early adoption of the reforms. The programme was reviewed following the pausing of charging reforms announced in November 2022. Learning and opportunities from being a Trailblazer have been incorporated into the broader Adult Social Care transformation programme.

50. Adult Social Care has initiated a project to oversee preparation for Care Quality Commission (CQC) Assurance. The Health and Care Act 2022 introduced a new duty for CQC to independently review and assess how local authorities are delivering their Care Act functions. The project board reports to the ASC Directorate Leadership Team and provides regular updates to the wider Council. Preparation will include the development/completion of a self-assessment that will highlight key strengths and opportunities that will inform future work in relation to Assurance readiness.

## **Children and Young Peoples Services**

51. Like many children's services across the country Oxfordshire's services have seen significant increases in requests for support. In addition, the cost of supporting a higher number of our children who have very complex needs, has contributed to the overspend in the service. The directorate has reviewed decision making for all placements now overseen and approved by a Deputy Director. Intensive work has taken place across the directorate on the challenges of managing complex, demand driven services within a defined budget. A number of key transformation activities are progressing (Commissioning of children homes) and will see real benefits during the next financial year. There is also a determination to actively learn from the Oxfordshire Way, which has managed well similar demand and budget challenges within adult's social care.

52. The service has continued its work in anticipation of an Ofsted Inspection, a 'mock' inspection was carried out in January 2023 and its findings contributed to the

improvement plan within the service. A review of project and programme support was carried out during the year and formal Transformation oversight arrangements put in place.

53. The support to children defined as 'SEND' has experienced increased demand and pressure and the service performance in delivering Education, Health and Care plans within the national 20 week target saw a significant deterioration. As a result, the Council committed an additional investment for its 2023-24 financial year. In addition, an improvement plan was put in place and additional scrutiny via the People Overview and Scrutiny Committee will monitor performance.

## **Conclusion**

54. The Council's governance arrangements are regarded as fit for purpose and will be monitored throughout 2023/24.

# ANNEX 1 - SIGNIFICANT GOVERNANCE ISSUES

## *Actions identified for 2022/23 - Update*

This is a review of the progress during 2022/23 on the priorities for that year. The actions identified were completed in-year

Page 45

Actions that were planned for 2022/23	Original Timescale	Outcome
<p><b>Directorate Scheme of Delegation: Powers and Financial Powers</b></p> <ul style="list-style-type: none"> <li>To review and update all outwardly facing documentation, as well as review the location of information.</li> </ul>	<p>31 July 2022</p>	<p>The updated Scheme of Delegation pages within the Constitution (7.1 and 7.2) updated on the Council’s website.</p> <p>Directorate level Schemes of Delegation, which are held centrally, have been reviewed by representatives of each directorate and updated.</p> <p>Financial Powers: The schemes of delegation for each directorate are being reviewed. The Council has extended the original timeframe for completing these reviews and updated versions will be signed off by the Corporate Directors and the S151 Officer by 28 April 2023.</p>
<p><b>Cherwell-Oxfordshire Decoupling Programme</b></p> <ul style="list-style-type: none"> <li>Joint Shared Services and Personnel Committee (JSSP) with revised terms of reference, to provide suitable oversight and decision-taking concerning the termination of the agreement.</li> <li>A Joint Officer Transition Working Group will oversee a programme of due diligence and service reviews is</li> </ul>	<p>31 August 2022</p>	<p>Following Decoupling in 2022, Cherwell District Council and the Council agreed a way forward for continued provision of certain services between Cherwell District Council and the Council.</p>

Actions that were planned for 2022/23	Original Timescale	Outcome
<p>underway, with the aim of keeping the best interests of residents at the centre of decision making.</p> <ul style="list-style-type: none"> <li>Where appropriate for each council, revised partnership arrangements will remain in-place within the framework of new agreements.</li> </ul>		
<p><b>Constitution Review</b></p> <ul style="list-style-type: none"> <li>The Constitution Working Group advised Committee that the timescale in which to produce an updated Constitution that is fit for purpose and understandable would not be achievable within the initial anticipated timescale of 31 March 2022.</li> <li>Committee agreed to extend the deadline for the review until July 2022.</li> <li>Update to be provided to Committee in due course.</li> </ul>	31 July 2022	The changes proposed by the Constitution Working Group were adopted by Council at the meeting on 7 October 2022. As reported to the Audit and Governance Committee at its meeting on 18 January 2023 the next stage of the review will take place once the Review requested by Council on 1 November 2022 to consider any change to its governance arrangements has been completed.
<p><b>Capital Programme</b></p> <ul style="list-style-type: none"> <li>Governance has been reviewed for implementation throughout 2022/23</li> </ul>	31 March 2023	Completed.
<p><b>Data Subject Access Requests</b></p> <ul style="list-style-type: none"> <li>Review resource to deal with data subject access requests in view of an increase in the numbers of requests being received.</li> </ul>	25 April 2022	Additional staff resources are in place to address the increased demand.

Actions that were planned for 2022/23	Original Timescale	Outcome
<b>Member Code of Conduct Training</b>	May 2022	A refresher training session for Members on the Code of Conduct was run on 21 April 2023. Further sessions will be arranged for 2023/24 to meet Members' needs.
<b>Information Governance Group/Board</b> <ul style="list-style-type: none"> <li>• To review the reporting framework for the Information Governance Group (IGG), and Information Governance Board. Work on this is due to commence on 25 April 2022.</li> </ul>	16 May 2022	The terms of reference and membership of the Information Governance Group and Board have been reviewed.
<b>Risk Management Training</b>	September 2022	Risk management training was provided to members in June 2022, and to SLT in August 2022.

## ANNEX 2 - SIGNIFICANT GOVERNANCE ISSUES

### Actions identified for 2023/24

	Action now planned for 2023/24	Timescale for Completion	Outcome	Senior Responsible Officer
1	<b>Directorate Scheme of Delegation: Powers and Financial Powers</b> <ul style="list-style-type: none"> <li>To review and update all outwardly facing documentation, as well as review the location of information.</li> </ul>	31 August 2023	The updated Scheme of Delegation pages within the Constitution (7.1 and 7.2) updated on the Council's website.	Simon Harper Head of Governance
		30 September 2023	Directorate level Schemes of Delegation, which are held centrally, have been reviewed by representatives of each directorate and updated. A further review is required to reflect the recent changes in reporting arrangements.	Simon Harper Head of Governance
		30 September 2023	Financial Powers: The schemes of delegation for each directorate are reviewed. Updated versions will be signed off by the Corporate Directors and the S151 Officer	Ian Dyson Assistant Director of Finance
2	<b>Cherwell-Oxfordshire Decoupling Programme</b> <ul style="list-style-type: none"> <li>Following Decoupling in 2022, Cherwell District Council and the Council agreed a way forward for continued provision of certain services between Cherwell District Council and the Council</li> </ul>	6 October 2023	The decoupling arrangements for Regulatory Services are to be completed within the six months' notice period commencing 6 April 2023 and all legal documentation reflecting the arrangements prior to and after decoupling to be completed.	Anita Bradley Director of Law and Governance

	<ul style="list-style-type: none"> <li>Where appropriate for each council, revised partnership arrangements will remain in-place within the framework of new agreements.</li> </ul>			
3.	<p><b>HR policies to be reviewed and updated for 2023/2024</b></p> <ul style="list-style-type: none"> <li>Domestic abuse- supporting employees: policy and guidance (HR and Public Health)</li> <li>Sickness/supporting attendance policy and process maps</li> <li>Agile working policy</li> <li>Additions to pay policy (to include honorariums, market supplements)</li> <li>Capability policy and procedures</li> <li>Disciplinary policy and procedures</li> </ul>	<p>30 September 2023</p> <p>30 September 2023</p> <p>30 September 2023</p> <p>31 March 2024</p> <p>31 March 2024</p> <p>31 March 2024</p>	All HR policies support the council's Workforce Strategy, comply with employment law, promote leading employment practice, consistency of approach to people management, and are straightforward and easy to use	Michael Fletcher, Head of HR Business Partnering & Advisory, Nazia Turley, HR Policy Manager
4.	<b>Governance Policies and Procedures</b>	31 March 2024	All policies and procedures comply with the law, promote best practice, consistency of approach and are straightforward and easy to use	Simon Harper, Head of Governance

	<p>To review and update the following:</p> <ul style="list-style-type: none"> <li>• Register of interests</li> <li>• Gifts &amp; Hospitality</li> <li>• Member representation on Outside Bodies</li> <li>• Social Media for Members (as part of the Council's Main Social Media Policy)</li> <li>• Officer Guidance on executive decision making and key decisions.</li> </ul>			
5.	<p><b>Constitution</b></p> <ul style="list-style-type: none"> <li>• Reconvene the Constitution Working Group and continue the review of the Council's Constitution</li> </ul>	31 March 2024	A further report to Council to recommend changes to the Council's Constitution to improve the effectiveness of the governance arrangements within the Council	Anita Bradley Director of Law and Governance
6.	<p><b>Member training</b></p> <ul style="list-style-type: none"> <li>• To provide a further programme of Member training and briefings responding to the identified needs of Members.</li> <li>• To act upon evaluation of Member feedback following training events.</li> </ul>	31 March 2024	An improved and responsive training programme reflecting the evolving requirements of elected Members in 2023/24	Simon Harper, Head of Governance

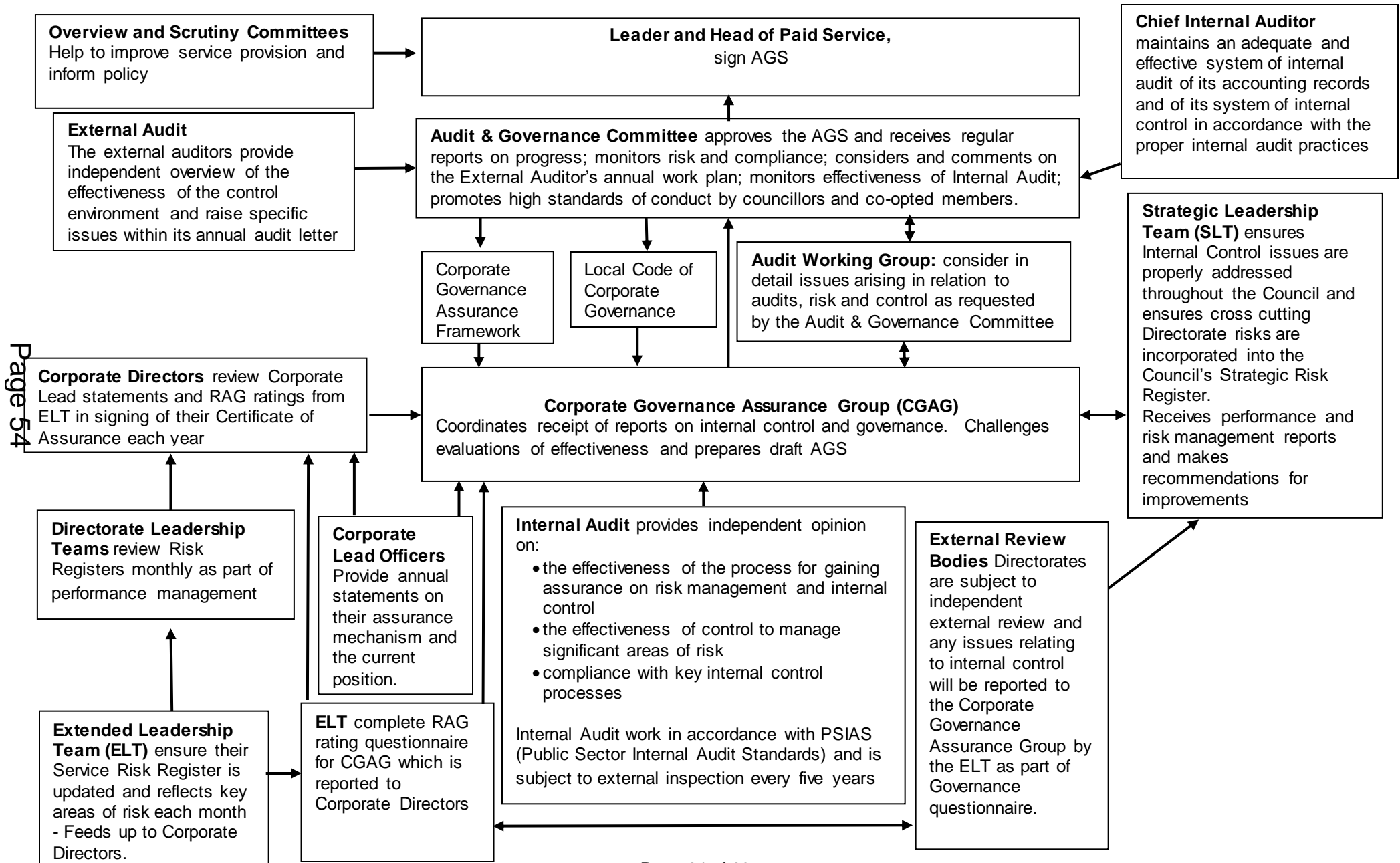


7.	<b>Review of Members' and Officers' fiduciary responsibilities and accountability, and legal status in respect of outside bodies including indemnities.</b>	31 December 2023	The legal status of and responsibilities and accountabilities of Members are clearly understood in relation each outside body they are appointed to by the Council with appropriate indemnities in place.	Simon Harper, Head of Governance
8.	<b>Review of Customer Feedback</b> <ul style="list-style-type: none"> <li>• Customer feedback via corporate and statutory complaints and Freedom of Information requests in very important to Oxfordshire County Council.</li> <li>• We will act to ensure that colleagues are fully aware of the importance placed upon responding in the appropriate timescales and that training, knowledge share and learning from customer feedback is promoted across the council.</li> </ul>	31 March 2024	Improved responsiveness to customer complaints within the corporate timescale.	Mark Haynes, Director for Customer Experience, Cultural and Property Services
9.	<b>Review the current culture of dealing with information requests and the expectations of the Information Commissioner's Office (ICO)</b> <ul style="list-style-type: none"> <li>• The Customer Feedback, and Governance Teams to review the</li> </ul>	31 March 2024	A joined-up approach to responding to Information requests which enables the Council to consistently meet the statutory requirements and reflects best practice	Mark Haynes, Director for Customer Experience, Cultural and Property Services Anita Bradley, Director of Law & Governance and

	<p>joint working approach when dealing with requests for information under the Environmental Information Regulations (EIR), Freedom of Information Act (FOIA), and Subject Access Request (SAR) regimes. Teams to meet regularly to ensure the Council is working in accordance with the relevant legislation and to consult with the ICO during the year to assist with the monitoring of the Council's performance.</p>			Monitoring Officer
10.	<b>Recording of Decisions</b>	30 September 2023	All key decisions and executive officer decisions are captured and recorded in a timely and transparent way.	Anita Bradley Director of Law and Governance
11.	<p><b>Proactive Training for Governance</b></p> <ul style="list-style-type: none"> <li>Governance sessions to raise awareness and skills level within the Organisation to be carried out by Head of Legal.</li> </ul>	First session on 29 June 2023, with further roll out to SLT/CMT and SMF in 2023/24.	Increased confidence and awareness across the Council to comply with Governance policies and procedures	Paul Grant, Head of Legal

12.	<b>Review of the Annual Governance Statement Process</b>	31 August 2023	Improved process for tracking governance concerns and completing the Annual Governance Statement.	Anita Bradley, Director of Law & Governance, and Monitoring Officer, Simon Harper, Head of Governance
13.	<b>Financial Management Strategy</b> <ul style="list-style-type: none"> <li>• The Financial Management Strategy is in development which will set out the improvements required to enhance financial management capabilities including financial management reporting structures and the development of business objects dashboard reporting</li> </ul>	31 August 2023	The Financial Management Strategy will be completed by the end of August 2023, and will include an improvement plan, timescale, and governance. The improvement plan will be cross cutting and will include enhancements and opportunities using technology and data for enabling more efficient and effective financial management across the Council.	Ian Dyson Assistant Director of Finance

## Annex 3: Overview of Corporate Governance Assurance Framework



## Annex 4: Financial Management Code of Practice – Summary Compliance Assessment 2022/23

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
<b>1. Responsibilities of the Chief Finance Officer (CFO) and Leadership Team</b>				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VfM)	Services use benchmarking to inform opportunities to improve VfM but this is often ad hoc. Procurement decisions consider VfM by considering the quality of service and not just price.	Develop processes for evidencing VfM across services in a more systematic and consistent way, including benchmarking, as part of the Budget & Business Planning process.	<b>AMBER</b>
B	The authority complies with the CIPFA “Statement of the Role of the CFO in Local Government”	The CFO is qualified accountant with significant experience working as an active member of the council’s leadership team. The CFO is a member of SLT (Senior Leadership Team) and reports directly to the Chief Executive. The CFO has an influential role with members of the Cabinet, Audit & Governance Committee and lead opposition members.		<b>GREEN</b>
<b>2. Governance and Financial Management Style</b>				
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	The Senior Leadership Team (SLT) understands its responsibilities in relation to Financial Management and considers the assessment against the Code and actions or further work required in order to continuously improve. SLT receive and review on a quarterly basis a report from the Chief Internal Auditor on progress against the Internal Audit Plan, implementation of agreed management actions and delivery of the Counter Fraud Plan. The Annual Governance Statement (AGS) and Action Plan are also considered by SLT. In addition, the Audit & Governance Committee have a key role in providing independent assurance over governance, risk and internal control arrangements.		<b>GREEN</b>

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	The Local Code of Corporate Governance sets out how the Council complies with the requirements of the Framework and identifies key documents, which provide detailed information as to how the Council ensures the Corporate Governance principles are adhered to. The annual update of the Local Code of Corporate Governance was last approved by Audit & Governance Committee in May 2022.		GREEN
E	The Financial Management style of the authority supports financial sustainability	The Council last undertook a self-assessment against CIPFA's Financial Management style hierarchy back in 2018. The outcome identified that financial management was considered to be adequate. The Council has adopted a Business Partnering model that supports managers to deliver financially sustainable services by providing strategic advice and support. This is underpinned by a Corporate Function that manages the strategic financing issues and provides the budget setting and accounting framework for the organisation.	A Financial Management Strategy is in development which will set out the improvements required to enhance financial management capabilities including financial management reporting structures and the development of business objects dashboard reporting	GREEN
<b>3. Long to Medium-Term Financial Management</b>				
F	The authority has carried out a credible and transparent financial resilience assessment	An assessment has been undertaken of the 2021/22 Financial Resilience index compared to the other 23 County Councils. This is set out in in the Financial Strategy (section 4.5 of the Budget & Business Planning Report to Cabinet in January 2023). The Financial Strategy also includes a suite of measures against which financial performance is measured during the year including the forecast level of General Balances against the minimum risk assessed level for balances taking into account the latest monitoring position in the current year.		GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	The Financial Strategy and MTFS outline the financial challenges and opportunities facing the Council over the medium and longer term. The Capital & Investment Strategy and the Capital Programme both cover a 10-year period. The Capital & Investment Strategy sets out the long-term context in which capital expenditure and investment decisions are made and articulates how the Council's capital investment will help achieve the Council's vision and priorities as well as respond to demographic change.	Develop scenario planning in relation to the longer term (to 2033/34)	GREEN
H	The authority complies with the CIPFA "Prudential Code for Capital Finance in Local Authorities"	The Capital & Investment Strategy is updated annually and agreed by Council alongside the Capital Programme, Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy. The Capital Programme is monitored monthly with reports produced quarterly for the Strategic Capital Board and Cabinet. Quarterly Treasury Management reports are taken to Audit & Governance Committee, Cabinet and Council, including monitoring of Prudential Indicators.		GREEN
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	The Council has an integrated Business and Budget Planning Process with a multi-year MTFS linked to service plans and performance reporting through the Business Management & Monitoring Report.		GREEN
<b>4. The Annual Budget</b>				
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces an annual balanced budget and supporting documentation within the necessary timeframe.		GREEN
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	The CFO's Section 25 report accompanies the suite of Budget documents and includes a commentary on the adequacy of proposed financial reserves with reference to CIPFA's Resilience Index as well as assessed compliance with the FM Code.		GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
<b>5. Stakeholder Engagement and Business Plans</b>				
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	<p>One of the Council's priorities has been to develop and implement a new consultation and engagement strategy, enhancing opportunities for residents, including young people and those seldom heard, to have their say in service development. This has been implemented for the 2023/24 budget process.</p> <p>Engagement and consultation on the council's priorities and budget has included a resident's survey, Oxfordshire Conversation events, a children's and young people sounding board. In addition, a public consultation on the budget proposals took place in November and December with the Performance &amp; Corporate Services Overview &amp; Scrutiny Committee also considering and commenting upon the budget proposals ahead of the budget being agreed by Council.</p>		<b>GREEN</b>
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	Key decisions requiring investment to deliver service improvements, deliver savings or invest or save opportunities require business case to aid decision making via the appropriate governance process (e.g., Strategic Capital Board).	Review the requirements, standards and guidance for business cases including training options for responsible officers and decision makers.	<b>GREEN</b>
<b>6. Monitoring Financial Performance</b>				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	<p>The regular Business Management and Monitoring Reports to Cabinet include performance, finance and risk so enable the council's leadership team and Cabinet to respond to emerging issues and to take action to manage those.</p> <p>The regular Capital Programme monitoring report has been enhanced to better reflect performance and the delivery of outcomes linked to the completion of capital schemes.</p>	Continue to improve the visibility and links between performance, risk and finance reporting, highlighting key issues that need to be considered in the Business Management & Monitoring Report.	<b>GREEN</b>



Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	The Business Management and Monitoring Reports to Cabinet include monitoring of key balance sheet items including balances, reserves, debtors, and cash (including the performance of Treasury Management).		GREEN
<b>7. External Financial Reporting</b>				
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom" (The Code)	The annual accounts are produced in compliance with The Code and have always received an unqualified audit opinion. Statutory deadlines for publication of the accounts have been consistently met until 2021/22 due to resourcing issues. The audit of the 2020/21 and 2021/22 accounts remains outstanding as at December 2022 due to the national issue regarding infrastructure assets for which a statutory override has recently been passed into legislation.		GREEN
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	The council's leadership team and Cabinet consider the outturn and year end variances in a Provisional Outturn Report to Cabinet each June which enables strategic financial decisions to be made as necessary in a timely manner.		GREEN

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## **AUDIT & GOVERNANCE COMMITTEE 19 JULY 2023**

### **INTERNAL AUDIT CHARTER 2023/24**

#### **Report by Director of Finance**

#### **RECOMMENDATION**

The committee is RECOMMENDED to:

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

#### **Executive Summary**

1. This report presents both the Internal Audit Charter and the Quality Assurance and Improvement Programme for 2023/24. These are subject to annual review.

#### **Internal Audit Charter**

2. The Public Sector Internal Audit Standards (PSIAS) came into force on 1 April 2013. (Updated 1 April 2017). These Internal Audit standards apply across the whole public sector. The PSIAS requires that an Internal Audit Charter is in place for each local authority. The Oxfordshire County Council Internal Audit Charter is included within Appendix 1.
3. The Internal Audit Charter sets out the purpose, authority and responsibility of Oxfordshire County Council's Internal Audit function, in accordance with the PSIAS. The Internal Audit Charter establishes the position of Internal Audit within the organisation, access and reporting requirements. It also outlines the key responsibilities of the Audit & Governance Committee.
4. This Internal Audit Charter is subject to approval by the Audit & Governance Committee of Oxfordshire County Council on an annual basis, in line with PSIAS requirements. There have been no material changes made since the Internal Audit Charter was last approved by the Committee in July 2022.

## **Quality Assurance Improvement Programme (QAIP)**

5. The PSIAS require that the internal audit activity maintain a Quality Assurance and Improvement Programme (QAIP). This is included within Appendix 2.
6. The Chief Internal Auditor is required to communicate to senior management and the Audit & Governance Committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing monitoring at least annually, internal assessments upon completion and external assessments conducted at least every five years. The QAIP details what will be reported to the Audit & Governance Committee and the frequency.
7. A change to the QAIP has been made since the once last presented to the July 2022 Audit & Governance Committee. For 2023/24 it includes opportunities for improvement within the internal audit activity. Implementation of these improvements will be reported back to the Audit & Governance Committee.

## **PSIAS – Self Assessment / External Assessment Update**

8. Internal Audit received a CIPFA external assessment against the Public Sector Internal Audit Standards (PSIAS) during November 2017. This was reported to the Audit & Governance Committee in January 2018. The assessment outcome was very positive with only a small number of minor improvements to documentation required and an overall conclusion that the service is highly regarded within the Council.
9. There is a requirement for an annual self-assessment against PSIAS to be completed (with external assessment scheduled every 5 years). The self-assessment was last completed during June 2022, and it was reported to the Audit and Governance Committee in July 2022, that Internal Audit continues to comply in full, with the standards.
10. Internal Audit have now scheduled an PSIAS external assessment of our service. This will be undertaken by CIPFA in October 2023. The results will be reported to the January 2024 Audit & Governance Committee. In preparation for the external assessment we are completing our annual self-assessment against PSIAS during July and August this year.



## ANNEX 1:



# Oxfordshire County Council Internal Audit Charter

## Introduction

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

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

This Charter sets out the purpose, authority and responsibility of Oxfordshire County Council's Internal Audit function, in accordance with the PSIAS and additional requirements for Local Government which are published via the Chartered Institute of Public Finance and Accountancy (CIPFA)

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

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

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## Definition of Internal Audit

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

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

## ***Mission of Internal Audit***

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

## ***Core Principles***

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

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

## ***Code of Ethics***

Oxfordshire County Council Internal Audit has adopted the PSIAS Code of Ethics:

### Integrity

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

### Objectivity

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

### Confidentiality

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

## Competency

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

Internal Audit will also have a regard to the Committee on Standards of Public Life's Seven Principles of Public Life as contained within Oxfordshire County Councils Constitution and Officer's Code of Conduct

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

## **Statutory Requirement**

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

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

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

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

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## **Definition of the Chief Audit Executive (CAE)**

Chief Audit Executive describes a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. Within



Oxfordshire County Council the Chief Internal Auditor is the designated 'Chief Audit Executive'

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## Definition of the Board

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

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

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

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## Definition of Senior Management

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

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

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

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## Professionalism

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

auditing and for evaluating the effectiveness of the internal audit activity's performance.

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

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## **Authority**

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

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## **Organisation**

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

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

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## **Independence and objectivity**

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

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

Internal Audit will ensure through the planning and resourcing process that any potential conflicts of interest are recognised and addressed through internal audit staff not undertaking an audit for at least two years in an area where they have had previous

operational roles and/or undertaken consulting activity and that responsibilities for audit assignments are rotated periodically within the internal audit team.

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

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

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

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## **Responsibility- Scope & Objectives**

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

Internal Audit Services is accountable to the Director of Finance (Section 151 Officer) for the terms of reference, scope and coverage of its audit activities. In addition there is a responsibility to those charged with corporate governance being the council (through the Audit & Governance Committee and Audit Working Group) and the Head of Paid Service to give an annual opinion on the whole system of internal control and to support the Monitoring Officer in respect of matters of standards/ legality.

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

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

Based on its activity, Internal audit is responsible for reporting significant risk exposures and control issues identified to the Audit & Governance Committee and to

Senior Management, including fraud risks, governance issues, and other matters needed or requested.

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## **Internal audit plan**

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

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

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

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

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

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

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## **Reporting and monitoring**

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

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

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

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## **Arrangements for appropriate resourcing**

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

In the event that the risk assessment, carried out to prepare the annual plan, identifies a need for more audit work than there are resources available, the Chief Internal Auditor will identify the shortfall and advise the Director of Finance followed by the Audit & Governance Committee as required to assess the associated risks or to recommend additional resources are identified.

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

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

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

## Fraud and Corruption

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

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

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

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

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## Definition of Assurance Services

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

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

## Definition of Consulting Services

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

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

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## Quality assurance and improvement programme

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

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

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

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

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### Signed by:

Sarah Cox, Chief Internal Auditor  
Lorna Baxter, Director of Finance  
Councilor Roz Smith, Chair of the Audit & Governance Committee  
Date approved: 19 July 2023 (Audit & Governance Committee)  
Date of next review: July 2024

# **Oxfordshire County Council Internal Audit - Quality Assurance and Improvement Programme**

## **Introduction**

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

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

## **Internal Assessments**

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

### Ongoing Reviews

Ongoing assessments are conducted through:

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



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

### Periodic Reviews

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

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

## **External Assessment**

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

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

## Reporting

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

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

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

## Opportunities for improvement – 2023/24

Opportunity for improvement	Lead Officer	Target Date
<p><b>Data analytics</b> - to be embedded into the Internal Audit and Counter Fraud assurance activities.</p> <p>This will include the development of a documented Data Analytics Strategy.</p> <p>The Counter Fraud Intelligence &amp; Data Officer’s job role has already been redefined to assist with the implementation of data analytics across the Internal Audit &amp; Counter Fraud Service. The team’s digital maturity will be assessed and any gaps addressed / there will be a continued focus on improved awareness and application across the team.</p>	<p>Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager.</p> <p>Nick Stokes, Intelligence &amp; Data Officer to support</p>	<p>Data Analytics Strategy for Internal Audit and Counter Fraud in place by 01/09/23.</p> <p>Improvements to assurance activities embedded throughout 2023/24.</p>
<p><b>Practice standards</b> – we will implement a programme of briefings / training with the team covering PSIAS and key internal audit practice themes. (For example engagement planning, conflicts of interest, code of ethics, risk scanning).</p>	<p>Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager.</p>	<p>Quarterly, commencing Summer 2023.</p> <p>(Already covered in monthly team meetings – however recognise would be an improvement to formalise training / briefing plan)</p>

<p><b>Data Protection</b> – we will review arrangements for internal audit and counter fraud compliance, including electronic document retention and data sharing arrangements.</p>	<p>Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager.</p> <p>Emma Vickers, Assistant Auditor to support.</p>	<p>01/09/23</p>
<p><b>Management Action Follow Up System</b> – we are required by the current supplier of the software used to monitor the implementation of management actions to upgrade to a new version. We will use this as an opportunity to undertake necessary housekeeping of how directorates are structured / how officers are set up, and to review whether there are any improvements required to our reporting and follow up processes.</p>	<p>Sarah Cox, Chief Internal Auditor / Katherine Kitashima, Audit Manager.</p> <p>Emma Vickers, Assistant Auditor to support.</p>	<p>New version implemented before 31/03/24.</p>

**Signed by:**

Sarah Cox, Chief Internal Auditor

Lorna Baxter, Director of Finance

Date approved: July 2023

Date of next review: July 2024

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## AUDIT & GOVERNANCE COMMITTEE 19 July 2023

### COUNTER FRAUD PLAN AND UPDATE

#### Report by Director of Finance

#### RECOMMENDATION

1. The Committee is **RECOMMENDED** to
  - a) Note the summary of activity against the Counter Fraud Plan for 2022/23.
  - b) Approve the Counter Fraud Plan for 2023/24.

#### Executive Summary

2. This report presents a summary of activity against the Counter Fraud Plan for 2022/23, which was previously presented to the July 2022 Audit & Governance committee meeting.
3. The report also presents the Counter Fraud Plan for the coming year 2023/24.
4. The Counter Fraud plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has proportionate and effective resources and controls in place to prevent and detect fraud as well as investigate those matters that do arise.

#### Background

5. The Local Government Counter Fraud and Corruption Strategy – Fighting Fraud and Corruption Locally was launched in 2020. The Council's Counter-Fraud arrangements are focussed on their recommended five pillars of activity:
  - **Govern:** Having robust arrangements in place to ensure counter-fraud, bribery and corruption measures are embedded throughout the organisation.
  - **Acknowledge:** Understand fraud risk and maintain a robust anti-fraud response.
  - **Prevent:** Prevent and detect fraud taking place against the organisation.
  - **Pursue:** Carry out fraud investigations, apply sanctions to offenders and recover losses.
  - **Protect:** The overarching aim of protecting public funds from fraud and corruption.

6. The Council has a Counter-Fraud Strategy which guides the Council's approach to its fraud response. The Strategy states that "the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor. The Council is committed to a **zero-tolerance** approach to fraud, corruption and theft."
7. The Counter-Fraud Team's purpose is therefore to apply and to promote the zero-tolerance approach to fraud by thoroughly investigating any instances of fraud; applying the appropriate sanctions; undertaking proactive and preventative work to prevent and detect fraud through training, awareness training, data matching and proactive reviews.
8. The Strategy was last updated in 2021 as part of its two-yearly review, and an updated review for 2023 is currently in progress.

## **Counter Fraud Team Update against the 2022/23 Plan**

### **9. Counter-Fraud Service Resources Update**

- The Counter Fraud Team comprises of a Counter Fraud Team Manager, Senior Counter Fraud Officer, Intelligence & Data Officer and an Apprentice Counter Fraud Officer, who work across both Oxfordshire County Council and Cherwell District Council.
- The Intelligence & Data Officer post in the team successfully completed their Level 4 Apprenticeship in Intelligence Analysis in April 2023. They will now be taking on additional responsibilities in supporting with the development of a data analytics strategy and improving the use of data analytics in Internal Audit and Counter Fraud assurance activities.
- In agreement with the Director of Law & Governance in 2021, the Counter Fraud Team took on the receipt, log, and triage of whistleblowing referrals for OCC via the Whistleblowing hotline and dedicated email address. This arrangement continues to provide a centralised approach to logging and tracking whistleblowing referrals, with arrangements to report to the Director of Law & Governance working successfully.

10. **Case figures 2022/23 (figures at end of June 2023):**

During 2022/23 there were 30 cases received and logged by Counter Fraud of actual, suspected or alleged fraud / whistleblowing of which 7 are still open and under investigation. A full breakdown is as follows: -

Total number of cases received in 2022/23	20 cases 10 whistleblowing cases
Outcomes 2022/23 cases	Of the 20 cases (not whistleblowing) received in 2022/23: 16 were closed, 10 were not proven and 6 proven or partially proven, as follows: <ul style="list-style-type: none"> <li>• Three cases of Blue Badge misuse, where the Blue Badge was seized, and a warning letter issued.</li> <li>• Two cases of system misuse by two employees, resulting in disciplinary action.</li> <li>• One case of abuse of official resources, resulting in disciplinary action.</li> </ul>
Whistleblowing cases 2022/23	10 allegations of whistleblowing were received. 3 were assessed by the Monitoring Officer to be dealt with under a different council policy (e.g. Grievance Procedure) and 7 were accepted to be investigated as whistleblowing. 3 cases are still open.  The whistleblowing cases are reported annually to the Audit & Governance Committee by the Monitoring Officer in a separate report.
Outcomes of pre-2022 cases closed during the year 22/23	<ul style="list-style-type: none"> <li>• An employee fraud from 2021/22 resulted in their dismissal. The investigation is complete, with the police currently in the process of issuing a caution, which includes a condition for the amount lost to be repaid to Oxfordshire County Council.</li> <li>• A case involving the misuse of a blue badge in 2022 was successfully prosecuted at Oxford Magistrates Court, resulting in a fine of £376.</li> </ul>

11. **Case Figures 2023/24 (figures as at end June 2023):**

<b>Indicator</b>	<b>Value</b>
New Cases 2023/24 (April – June 2023)	6 cases
Current open cases (by year)	2023/24: 5 2022/23: 7 2021/22: 1 2020/21: 4
With the Police	1 case under joint investigation with the police
New Cases by type	Whistleblowing: 5 Blue Badge Misuse: 1
New Cases by referral source	Whistleblower: 5 Government Agency: 1

**Other updates**

12. **Blue Badge Enforcement:**

Following the development of the Blue Badge Enforcement Strategy in December 2021 and implementation of new operating procedures, the Team completed three quarterly on-street exercises in 2022/23.

In total 3 blue badges were seized following identified misuse. 5 cases were dealt with by way of a warning letter issued to the blue badge holder. Conduent, the Council's civil enforcement partner who were present on these exercises, issued 24 penalty charge notices for vehicles being parked in a disabled bay without displaying a blue badge.

A case of blue badge misuse that was identified during the February 2022 exercise was successfully prosecuted at Oxford Magistrates Court during 2022/23, resulting in a fine of £376 being issued.

A program of on-street enforcement exercises is being planned for the year 2023/24.

Note: In instances where blue badges are seized, these are counted and reported as cases. Should a warning letter be issued, although the issue of the warning letter is recorded, it is not recorded as a case in the figures in the above tables.



### **13. National Fraud Initiative:**

The National Fraud Initiative (NFI) reports from the 2022/23 bi-annual data matching exercise were released in February 2023 and are in the process of being reviewed. There are a total of 32 reports and 30,864 matches.

There are 10 reports relating to potential duplicate payments to creditors, or duplicate creditor records. Reports focusing on payments have been prioritised, and so far, samples of matches in 5 reports have been reviewed by the Counter Fraud Team with nil duplicate creditor payments found.

For one key report that had captured sets of payments with identical invoice amounts and creditor references, the Counter Fraud Team exported the 5,000 total matches and performed a number of data analysis tests to reduce the sample size in a targeted way. This enabled the team to focus on analysing potential duplicate payments with the highest risk of fraud. Nil duplicate creditor payments were found, which demonstrates strong controls in place within the organisation.

A total of 1,149 matches relating to Blue Badges have been processed by the Customer Services Team, with 4 matches still being investigated by Customer Services and Counter Fraud. 510 badges have been cancelled where it was identified that the badge holder had passed away, which reduces the risk of the badges being misused. The Cabinet Office allocates a figure for reporting purposes of £650.00 per cancelled badge, which is their estimate of the value of parking charges up to the point of cancellation plus an estimate of future losses prevented. (510 badges = £331,500)

A total of 2607 matches relating to Concessionary Travel Passes have been processed by the Customer Services Team. 2159 passes were cancelled where it was identified that the pass holder had passed away, which reduces the risk of the passes being misused. The Cabinet Office allocates a figure for reporting purposes of £31.00 per pass cancelled, which is their estimate of future losses prevented. (2607 passes = £66,929).

A total of 18 matches related to Resident Parking Permits have also been processed by the Customer Services Team. 3 passes were cancelled where it was identified that the pass holder had passed away, and a further 8 are still under investigation.

All reports remaining are on target to be reviewed within Quarter 3.

### **14. Controls Improvement:**

Upon the conclusion of each investigation, where applicable, the control environment is reviewed, and a post investigation report issued. The report highlights any weaknesses identified and includes agreed actions to prevent, stop and minimise the risk of reoccurrence. The agreed action plan is monitored for implementation by the Counter Fraud Team.

It was agreed at the last counter fraud update to Audit & Governance Committee in March 2023, that an update on recently closed cases and investigation outcomes would be brought to a future meeting of the Audit Working Group (provisionally scheduled for Audit Working Group November 2023 meeting). There have been no new post investigation reports issued since the update to the March 2023 Audit & Governance meeting.

#### 15. Update against the Counter-Fraud Plan 2022/23

Objective	Actions	Update July 2023
<p><b>Strategic:</b> Continue to build the Counter Fraud team to support the Council to prevent and detect fraud and irregularity.</p> <p><b>Culture Capacity Competence</b></p>	<ol style="list-style-type: none"> <li>1. Trial the interim team structure with a view to agreeing a permanent solution</li> <li>2. Recruit a new Counter Fraud Apprentice</li> <li>3. Identify any appropriate training for members of the team.</li> <li>4. Senior CF Officer to undertake CIPFA Accredited Counter Fraud Specialist (ACFS) training.</li> </ol>	<ol style="list-style-type: none"> <li>1. Interim team structure ended and new permanent structure in place.</li> <li>2. New Counter Fraud Apprentice started 17 October 2022 and is undertaking the formal apprenticeship training.</li> <li>3. Training subject to review through extended 1:1 sessions with team.</li> <li>4. Senior Counter Fraud Officer has completed the ACFS training and has recently been appointed as Counter Fraud Team Manager in the new structure.</li> </ol>
<p><b>Proactive:</b> Undertake proactive counter-fraud activities to reduce the risk of fraud in the Council.</p> <p><b>Culture Capability Capacity Communication Collaboration</b></p>	<ol style="list-style-type: none"> <li>5. Complete and routinely update the Fraud Risk Register</li> <li>6. Deliver fraud awareness training</li> <li>7. Undertake joint fraud/audit exercises</li> <li>8. Deliver fraud communications in line with a comms strategy</li> <li>9. Blue Badge enforcement exercises quarterly</li> <li>10. Maintain fraud procedures, webpages and referral routes up to date (ongoing and by Q4)</li> </ol>	<ol style="list-style-type: none"> <li>5. Fraud Risk Register now business as usual (bi-monthly review meetings).</li> <li>6. Fraud awareness training delivered for Financial Assessments Team, Direct Payments Team, Social Workers (Direct Payments), School Headteachers.</li> <li>7. Joint fraud/audit proactive exercises being developed.</li> <li>8. Fraud comms were issued.</li> <li>9. Blue Badge Enforcement exercise now undertaken quarterly.</li> <li>10. Work currently being completed to update fraud referral routes, specifically in relation to Direct Payments and Deprivation of Assets cases.</li> </ol>
<p><b>Reactive:</b> Manage fraud referrals and investigations</p> <p><b>Capacity Competence Collaboration</b></p>	<ol style="list-style-type: none"> <li>11. Manage fraud referrals</li> <li>12. Investigate</li> <li>13. Implement appropriate sanctions</li> <li>14. Agree and track actions to improve the control environment</li> <li>15. Work with partner agencies and teams.</li> </ol>	<ol style="list-style-type: none"> <li>11. (&amp;12) Fraud referrals received and investigated ongoing as appropriate.</li> <li>13. Sanctions applied as appropriate.</li> <li>14. Actions within investigation reports monitored for implementation.</li> <li>15. Joint working in Thames Valley Police in place. (joint interviews under caution and investigations plans).</li> </ol>

<b>Data:</b> Use data to detect and prevent fraud  <b>Competence Collaboration</b>	16. Prepare for and undertake the 2022 NFI data upload (Q2) 17. Continue to participate into potential data matching exercise with other LA's.	16. NFI matches for 22/23 are in the process of being reviewed. 17. Ongoing work with networks.
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## 16. Counter Fraud Plan 2023/24

The 2023/24 Plan has been structured around the 5 pillars of anti-fraud activity in the Local Government Counter Fraud and Corruption Strategy – Fighting Fraud and Corruption Locally:

Objective	Actions	Timescale
<b>Govern:</b> Have robust arrangements in place to ensure counter-fraud, bribery and corruption measures are embedded throughout the organisation.	1) Deliver awareness training sessions to a range of staff and members to include knowledge of fraud risks, their role in prevention activity and process to refer suspicions.  2) Provide the Audit & Governance Committee with reports during the year about the arrangements in place to protect the council against fraud and the effectiveness of these.  3) Review the council's anti-fraud strategy and identify areas for development by reference to the Fighting Fraud and Corruption Locally strategy.	1) Ongoing.  2) July, November & March.  3) End of quarter 3.
<b>Acknowledge:</b> Understand fraud risk and maintain a robust anti-fraud response.	1) Undertake an assessment of the council's overall response to fraud and identify any areas for improvement.	1) End of quarter 3.  2) End of quarter 3.

	2)	Continue development of Council's fraud risk register.	
<b>Prevent:</b> Prevent and detect fraud taking place against the organisation, using proactive work and data analysis.	1) 2) 3) 4)	Fraud alerts to be provided to service areas as necessary. Delivery of the NFI 2022/2023 exercise. To complete Joint Internal Audit & Counter Fraud proactive reviews into Procurement Cards & Expenses (included in Internal Audit Plan 23/24). To enhance data analytic capability to support potential areas of proactive work.	1) Ongoing. 2) End of quarter 3. 3) End of quarter 4. 4) Ongoing.
<b>Pursue:</b> Carry out fraud investigations, apply sanctions to offenders and recover losses.	1) 2)	Conduct investigations into suspected fraud and malpractice. Continue enforcement activities against Blue Badge fraud and misuse by completing on-street exercises.	1) Ongoing. 2) One per quarter.
<b>Protect:</b> Recognising the harm that fraud can cause in the community.	1) 2) 3)	Review and share fraud trends and new threats with relevant service areas. Respond to information requests from the Police, other Local Authorities and investigation bodies such as HMRC. Continue to foster relations with other internal teams.	1) Ongoing. 2) Ongoing. 3) Ongoing.

## Financial Implications

17. There are no direct financial implications arising from this report.

Comments checked by: Ian Dyson, Assistant Director of Finance  
[ian.dyson@oxfordshire.gov.uk](mailto:ian.dyson@oxfordshire.gov.uk)

## **Legal Implications**

18. There are not direct legal implications arising from this report.

Comments checked by: Anita Bradley, Director of Law & Governance and  
Monitoring Officer  
[anita.bradley@oxfordshire.gov.uk](mailto:anita.bradley@oxfordshire.gov.uk)

## **Staff Implications**

19. There are no direct staff implications arising from this report.

## **Equality & Inclusion Implications**

20. There are no direct equality and inclusion implications arising from this report.

## **Sustainability Implications**

21. There are no direct sustainability implications arising from this report.

## **Risk Management**

22. There are no direct risk management implications arising from this report.

Lorna Baxter, Director of Finance.

Contact Officers: Sarah Cox, Chief Internal Auditor,  
[sarah.cox@oxfordshire.gov.uk](mailto:sarah.cox@oxfordshire.gov.uk)

Declan Brolly, Counter Fraud Team Leader,  
[Declan.brolly@oxfordshire.gov.uk](mailto:Declan.brolly@oxfordshire.gov.uk)

July 2023.

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## AUDIT & GOVERNANCE COMMITTEE

19<sup>th</sup> July 2023

### HEALTH AND SAFETY ANNUAL REPORT 2022/23

Report by Lorna Baxter

#### RECOMMENDATION

1. The Committee is asked to note and accept the contents of the Health and Safety (H&S) Annual Report and the work of the H&S Team to support services and improve performance keeping employees and customers safe.

#### Executive Summary

2. The H&S Annual Report is a summary of performance and is part of the corporate governance framework. It seeks to provide the Committee with assurance that arrangements for managing health safety are suitable and sufficient whilst identifying areas for improvement.

#### Key Issues

3. This annual report contains information about the work of the Health and Safety functions, the Council's health and safety performance over the year and its plans for the coming year.
4. This report submitted on behalf of the Health and Safety Assurance Board and approved by the Council Management Team as part of the Council's Corporate Governance Assurance Framework.
5. It is a statutory requirement of all employers to establish occupational health and safety management arrangements so that harm is either eliminated or reduced to an acceptable level. The Council has adopted best practice guidance published by the Health and Safety Executive (HSE) to ensure that an effective health and safety management system is in place and that the duty of care objective is met.
6. Throughout the 2022/23 the H&S Team have re-focused on service operational risk following the pandemic.
7. In line with our health and safety policy aims, we continue to proactively take action to reduce risk, including our priority areas:
  - Personal safety and lone working
  - Improve system for reporting safety events
  - Provide safe and compliant buildings

- Improve corporate assurance in fleet management
  - Monitor compliance
  - Engage with trade unions on H&S matters
  - Improve H&S competency of workforce
8. The total number of accident and incident reports has increased but in line with pre-COVID pandemic levels. There has been no enforcement actions or intervention by the Health and Safety Executive (HSE).
  9. Looking forward we continue to ensure appropriate health and safety arrangements are effective across all services and operations, whilst, ensuring good practice underpins our strategic and organisation priorities such as enabling safe and healthy agile workforce and meeting our obligations for providing safe property.

## **Corporate Policies**

10. The H&S Annual Report details how the Council is meeting it's aims, objectives, responsibilities and arrangements as set out in it's Health and Safety Policy.

## **Financial Implications**

11. There are no financial implications associated with this report.

## **Legal Implications**

12. There are no direct legal implications associated with this report, although this report demonstrates compliance with duties under The Health and Safety at Work etc Act 1974 and other regulatory requirements, Health and Safety Executive Guidance, Approved Codes of Practice and other industry best practice
13. Section 2(3) of the Health & Safety at Work, Act 1974 requires that employers produce and revise, as appropriate, a written statement of health and safety policy. It is therefore important that the Council's statement is kept up to date.
14. The Health & Safety at Work Act 1974 places duties on the Council and individuals within the Council to ensure the health, safety and welfare of employees and those that are affected by the Council's activities, so far as is reasonably practicable.

Comments checked by: Anita Bradley, Director of Law and Governance  
 anita.bradley@oxfordshire.gov.uk

## **Staff Implications**

1. There are no staffing implications associated with this report.



## Equality & Inclusion Implications

2. Health, safety, well-being, and equality, when proactively addressed, are all matters which improve the working environment for our employees and ensure that the council remains an attractive, safe and equitable place to work. In turn, this will support the efficient delivery of services to the people of Oxfordshire.

## Sustainability Implications

3. There are no staffing implications associated with this report.

## Risk Management

4. The Council must ensure have robust systems of internal control, covering health and safety. By reporting on H&S performance the Committee can be provided with assurance that the following risks are being managed:

**Reduce Injuries:** Accidents and incidents can lead to persons suffering harm. This can lead to increased sickness absence, resourcing pressure, loss of motivation.

**Legal Compliance:** Failure to comply with the legal obligations of health and safety can result in liability for prosecution by regulators, such as the HSE. In the most serious cases this has potential to include unlimited fines and prison sentences.

**Reduce Claims:** Accidents and incidents can lead to more claims which in turn can affect premiums and excess payments.

**Reputational:** Any adverse health and safety incident or prosecution can result in negative reputational impact.

Lorna Baxter  
Director of Finance

Annex: ANNEX 1 H&S Annual Report 2022/23

Contact Officer: Paul Lundy  
County H&S Manager

July 2023

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## **AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME – 2023/24**

### **20 September 2023**

1. Annual Governance Statement – Update on Actions (Anita Bradley).
2. Monitoring Officer Annual Report (Anita Bradley).
3. Future Council Governance Group (Anita Bradley)
4. Review of Member Code of Conduct Arrangements (Anita Bradley)
5. Local Government and Social Care Ombudsman's Annual Review (Anita Bradley)
6. Treasury Management Quarter 1 Performance Report (Tim Chapple)
7. Internal Audit Plan – Progress Report (Sarah Cox)
8. Audit Working Group Update (Sarah Cox)
9. Risk Management Strategy (Louise Tustian)
10. Ernst & Young update (Maria Grindley/Adrian Balmer).

### **29 November 2023**

1. Counter Fraud Update (Sarah Cox)
2. Treasury Management Mid Term Review (Tim Chapple)
3. Future Council Governance Group recommendations (Anita Bradley)
4. Whistleblowing Policy (Anita Bradley/Simon Harper)
5. Oxford Fire & Rescue Service Statement of Assurance 2021-22 (Faisal Atcha)
6. Oxfordshire Fire and Rescue Service 2021/22 Annual Report (Faisal Atcha)
7. Audit Working Group Update (Sarah Cox)
8. Ernst & Young update (Maria Grindley/Adrian Balmer).

### **10 January 2024**

1. Annual Governance Statement – Update on Actions (Anita Bradley).
2. Internal Audit Plan – Progress Report (Sarah Cox)
3. Treasury Management Strategy Statement and Annual Investment Strategy for 2023/24 (Tim Chapple)
4. Risk Management Update (Louise Tustian)

### **13 March 2024**

1. Counter Fraud Update (Sarah Cox).
2. Audit & Governance Committee Annual Report to Council (Sarah Cox)
3. Treasury Management 3rd Quarter Performance Report 2023/24 (Tim Chapple)
4. Oxfordshire Code of Corporate Governance (Anita Bradley)

### **8 May 2024**

1. Chief Internal Auditor's Annual Report (Sarah Cox)
2. Internal Audit Strategy 2024/25 (Sarah Cox)
3. Risk Management Update (Louise Tustian)